

ST The week in London and New York

Shedown on the Account

Sha CONLOOKER

Account

Or SUCH was the mood of optimism building shares stand at or near first in the short trading period after recovery hopes. Yet the signs Dec. 12 the Christmas holiday that there suggest that unless the house Jan. 3 Ja was talk of the Financial Times builder can increase his market Jan. 10 Ja Industrial Ordinary Index share, or is diversified into other sectors, he will be lucky to break the 500 barrier by the activities, he will be lucky to

short-dated end of the account yesterday, achieve any significant advance featured at But any hope of this was killed in profitability. At best all that is followed by the bearish fourth quarter most will be able to do is repair some of the damage done to the market's profits warning from I.C.I.

The market had been given a margin sustained over the past issue price boost from the outset following year or so.

demands to the encouraging OECD forecast. In 1973 a quarter of the total down on the outlook for the U.K. number of homes on which down in economy in 1978. With sterling mortgages were advanced were more than adequate for new homes.

market Securitised higher cut in money market rates 0.07 more

Leading gifts were once again in demand per cent, and in 1977 the proportion has been lower still.

This trend could continue. There is more than an adequate housing stock. And the first time buying population has declined since 1972, due to a decrease in "young" marriages.

Meanwhile the problems of the housebuilder have been compounded by a shortage of land with planning permission, due to the complexities of land legislation introduced in the last year or two. And building costs are still rising at a rate which has yet to be recovered by increased prices.

In addition the weak engineering and industrial service activities were returning tiny profits on large turnover. Hence the need for rationalisation.

Ward's disposal programme has naturally triggered speculation that the group would sell its 29.9 per cent voting stake in Tunnels Holdings. But this looks unlikely at the moment.

Associates contribute nearly a quarter of total group trading

for the two previous months which were well down on 1976 and so the final quarter will still look poor compared with last year.

But while the retailers have had a tough time in 1977 investors buying shares at the beginning of the year can claim a bargain basement buys. While the FT 500 Index closed the year up by 44 per cent, the stores sector shot ahead by 75 per cent, and the food retailers by 70 per cent. At present the stores' division is the most highly rated sector within the 500 Index in terms of earnings with the average p/e of 16, nearly double the figure for the

market for 1977.

So if house prices only rise at the rate of 12 and 15 per cent as seems likely, it could be an appropriate moment to take profits in the housebuilding sector.

Ward disposals

This week that it was selling its crane manufacturing premises to Butters Cranes, part of its engineering division, to Ruston Bucyrus crane and excavator maker for £270,000.

This marked the latest in a series of rationalisation measures announced recently by the group in an attempt to improve efficiency and eliminate losses in its engineering and industrial services activities, at a time when its steel and construction based businesses, which account for around four-fifths of total trading profits, are under pressure.

Ward holds a fifth of the scrap metal market, and the scrap industry is having a terrible time. For the last eighteen months or so the British Steel Corporation has been trimming scrap prices and reducing orders as the recession in the steel industry, now in its fourth year, has deepened.

Although steel scrap prices have fallen by around 30 per cent in Ward's last financial worth indicates a 5 per cent. For the last year, Ward's problems are not rise in volume for December as profits growth is already dis-

tributed among the various companies, attract indiscriminate buying.

Such was the case this week when it was suggested that when the building societies meet in a fortnight's time they are likely to reduce the home loan rate by another 1 point to 8 per cent following their continuing success in attracting funds.

All of the principal house-

INDEX RISES AND FALLS OVER 1977

The following table lists the changes in the FT Industrial Ordinary share index and its constituents over 1977. The FT-Actuaries All-Share index is also given.

com	Price y'day since 31/12/76	% change High Low	Average week to 31/12/76	Dec. 30	Dec. 23	Dec. 16
All						
Bar						
Eur	FT Ind. Ord. Index	+ 36.8 549.2 357.6	Guest Keen	270	- 1.1 369 260	
Allied Breweries	93	+ 50.0 96.5 57.5	Hawker Siddeley	194	+ 71.7 214 113	
A.P. Cement	260	+ 62.5 294 153	ICI	352	+ 2.9 446 325	
DOC Int.	78.5	+ 34.2 83.5 62.5	Imperial Group	75	+ 17.2 86 64	
Fecham	678	+ 77.5 690 372	London Brick	72	+ 30.0 86 40	
Alb						
Boots	227	+ 90.8 244 115	Lucas Inds.	278	+ 33.7 338 203	
Bowater	182	+ 5.2 223 160	Marks & Spencer	158	+ 59.6 173 96	
BP	858	+ 5.7 966 776	P. & O. Dfd.	117	- 7.1 175 109	
Am						
Brown (J.)	232	+ 136.7 261 98	Plessey	95	+ 48.4 117 62	
Courtaulds	113	+ 27.0 135 89	Spillers	304	+ 19.6 40 25	
Distillers	180	+ 46.3 193 120	Tate & Lyle	210	- 18.6 279 188	
Dunlop	89	+ 30.5 124 78	Tube Invs.	378	+ 31.2 430 310	
Entl	182	- 19.5 254 170	Turner & Newall	213	+ 60.2 252 130	
GEC	272	+ 97.8 284 143	UDS	95	+ 79.2 99 53	
Glenrothes	593	+ 46.4 647 401	Vickers	175	+ 20.7 242 144	
Grand Met.	104	+ 67.7 108 62	FT-A. All-Share	214.53	+ 41.2 226.99 153.70	

Radio

BBC 1

† indicates programme in black and white.

9.15 a.m. Fingerwubs. 9.30 Multi-coloured Swap Shop. 12.13 p.m. Weather.

12.15 Grandstand: Football Focus (12.20) Review of British football. Racing from Newbury (12.50, 1.25, 1.55, 2.25); Basketball (1.50, 1.55, 2.00, 4.00); Grandstand New Year Basketball Tournament. Rugby League (2.45) St. Helens v. Wigan. Grandstand 1977 (5.30). A Look back at memorable moments of the sporting year: 4.40 Final Score.

5.10 The New Adventures of Batman. 5.35 News.

5.45 Sport, Regional News.

5.50 Jim'll Fix It.

6.25 Dr. Who.

7.15 Bruce's Choice starring Bruce Forsyth.

8.15 The Queen's Old Year Music Show.

9.00 Starkey and Hutch.

10.00 Match of the Day.

11.00 The Good Old Days.

11.45 Big Ben.

12.00 a.m. Celebration to bring in the New Year with BBC Scotland in traditional style.

12.45 Prologue by Ian MacKenzie.

All Regions as BBC 1 except at the following times:

Wales - 8.30-9.15 a.m. Teletext.

Scotland - 4.35-5.10 p.m. and 5.45-5.50 Scoreboard. 8.15-9.00 The Corries in Concert. 10.00 Hogmanay Special.

The Big Letters. The Wedding Part 1. 11.45-12.45 a.m. Celebration in the traditional style (joined by BBC 1 12.00 midnight).

Northern Ireland - 5.00-5.10 p.m. Scoreboard. 5.45-5.50 Northern Ireland News.

5.50 Scoreboard. 6.15-6.30 The

Motor Racing. 7.15-7.30 a.m. Celebration To The Dance.

7.45-8.00 Play Away Day.

8.00 Dan Badger and All the Coal by W. H. Canaway.

8.40 News and Sport.

8.50 "Die Fledermaus," Johann Strauss operetta, with Kiri Te Kanawa, Hermann Prey (simultaneous with Radio 3 stereo).

10.00 The Old Grey Whistle Test.

11.20 News on 2.

11.30 Watchtower Service from the Lady Chapel Westminster Cathedral.

12.00 Big Ben.

12.00 mid-night Movie: "Ten Little Indians."

LONDON

9.00 a.m. Sesame Street. 10.00 Knights Of The Round Table," starting Mel Ferrer, Robert Taylor, Ava Gardner and Stanley Baker. 12.00 Happy Days.

12.30 p.m. World of Sport: 12.30 On the Ball: 1.00 International Sports Special: 1-Ski-jumping from West Germany; 1.10 New Zealand ITV; 1.30 The TV Seven; 1.30, 2.00, 2.30 and 3.00 weather forecast. Highland League and shinty results. 11.25 Welcome in the Hogmanay Ceilidh. 12.30 a.m. Reflections.

and 2.45 from Catterick; 3.10 International Sports Special: 2-Motor Racing, Hot Rod Winter Internationals from Wimborne. 4.30 a.m. The Six Million Dollar Man. 12.30 a.m. Begone Dull Care.

HITV

5.05 News from ITN. 5.15 Celebrity Squares. 6.00 Man from Atlantis. 7.00 New Faces. 8.30 Sale of the Century.

8.30 "Mutiny On The Buses," starring Reg Varney and Doris Hare.

10.10 News. 10.30 Spider-Man. 10.30 The Lone Ranger. 11.30 The Lone Ranger. 12.30 a.m. Captain Scarlet and the Mysterons.

MTV Cynic/Wifeless—As MTV General Service, except 5.15 a.m. Cartoon capers for all. 5.30-6.00 a.m. Woodpecker.

SCOTSMITH

5.15 a.m. Oliver and the Artful Dodger. 10.00 This Is Spinal Tap. 10.30 The New Year Message.

ATV

7.00 a.m. "The Christmas Martian." starring Marcel Sabourin and Catherine Morin. 11.30 The Lone Ranger. 12.30 a.m. Captain Scarlet and the Mysterons.

BBC 2

12.00 p.m. Gene Kelly double bill: "The Pirate," starring Judy Garland, and at 3.00 "Musical Story: The Dance."

12.30 a.m. "The Christmas Special." (Joined by BBC 1 12.00 midnight).

1.00 a.m. "The Lone Ranger." starring 1.30 a.m. Captain Scarlet and the Mysterons.

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Your savings and investments

This year's accolades

BY ADRIENNE GLEESON

N THIS last moment before we step into 1978, it seems appropriate to stop and count the blessings of 1977. So, for start, we propose:

A vote of thanks to Mr. Tolley. Oh certainly, he might have been much more deserving of such a vote of thanks—had he, for instance, taken real steps towards reform of this country's taxation system, now reaching absurd depths of complexity. But if we are counting small mercies, a lowering of the basic rate of taxation and some easing of the restrictions in the pension arrangements of the self-employed must surely rank—if only as an augury of things to come.

For those too dyspeptic after the excesses of the season of goodwill to accept that any banks are due to any politician, however, how about *A vote of thanks to the National Savings Bank*. The rate the NSB has offered on its investment accounts has for much of the year kept the investment trust sector in the investment trust sector; they may not have been solely responsible for the decline in the average discount from over 30 to over 20 per cent, but they have had a good deal to do with it.

They have also produced some of the most entertaining take-over tactics of the year. In fact, on behalf of connoisseurs of bid battles, we propose:

A vote of thanks to S. G. Warburg, which masterminded the NCB pension funds' bid for the British Investment Trust. From the first announcement of the pension funds' intentions—*To those who have little, for which came completely out of the blue*—to the final extravaganza involving clearing bank coming year.

A D.I.Y. life bond

INVESTING IN a life assurance bond has several tax advantages or the higher rate taxpayer, compared with direct dealing on the Stock Exchange, especially if he needs income. But it is extremely impersonal. You simply hand over your money to the life company and cash-in our units, wholly or partially, when you need the money. You have no influence over the investment decisions, no chance of backing your fancy or playing the market.

But the penal tax levels on investment income have forced private investors to go for capital growth rather than dividends and consequently they have to realise capital in order to raise income. Now, however, some of the newer unit-linked life companies have come up with the solution that enables investors to draw income without paying up to 98 per cent in tax while still allowing them to manage their own portfolios. It is known as a "personalised bond."

This is simply a bond in which you are the sole unitholder. You, with your own personal investment adviser, actually manage the investments within the fund, decide on when to buy and sell, when to go liquid and when to switch, just as with a private portfolio. There are limitations imposed by law on what securities can be used to link life assurance contracts, but the range is extremely wide. The life company carries out



The high minimum levels, which can vary from £20,000 to £100,000, of investment should ensure that the company covers the extra administration expenses.

But there are certain drawbacks to these schemes. First, you have to transfer your existing assets to the life company and this is a chargeable event for capital gains purposes. It is more advantageous if you have cash awaiting investment or are in a net loss situation.

Then although these bonds provide a tax shelter for 20 years or more, eventually you will have to go out into the rain and cash-in the bond. Certainly it will be cashed-in on your death. Then the tax bill comes home to roost, since your estate will be charged tax on your total profit. The advantage will only apply if you are in a favourable tax situation at the time of cash-in. But many investors cannot look 20 days ahead leave alone 20 years.

Finally, the Inland Revenue has indicated unofficially that it is uneasy about the sale of such bonds. While the amount of business done remains small, presumably the Revenue is willing to accept the situation. But certain insurance brokers are now pushing these contracts quite hard: it is an easy job to package such bonds attractively. So there could be second thoughts and possible adverse legislation that could affect the whole life assurance industry.

ERIC SHORT

AN OFFER FROM M&G AMERICA

MAGAMERICAN & GENERAL FUND
The US stock market, in stark contrast to that of the UK, has performed disappointingly over the last year. Now the Dow Jones is reaching a new 2-year low of 900. Most share prices in America could decline further, share prices may even be lower than they have been for many years, whether measured in terms of earnings, yield or assets. When the anticipated recovery takes place, it is likely to be both sudden and strong. Current levels on Wall Street could provide a rare opportunity for anyone wishing to take a stake in the world's dominant economy.

The Mag American & General Fund is designed to invest in a wide range of American securities, with maximum long-term growth as its main objective. Investment is partially through buy-and-hold loan facilities, in order to minimise the risk of short-term gains. The estimated gross current yield on the Fund is 6.3% at the buying price of 45p on 28th December, 1977.

Unit Trusts are a long-term investment and not suitable for money that you may need at short notice.

The price of units and the income from them may go down as well as up.

Prices and yields appear in the FT daily. An initial charge of 5% is included in the price; an annual charge of 1% plus 1% deduction from the Fund's gross income. Distributions for Income units are made on 20th March and 20th September net of basic rate tax and are reinvested for Accumulation units to increase the value of the units. The next distribution date for new investors will be 20th March, 1978. You can buy or sell units on any business day. Contracts for purchases or sales will be for settlement 2 or 3 weeks later. A 1% commission is payable to accredited agents. Trustee: Lloyds Bank Limited. The Fund is a registered security and is authorised by the Secretary of State for Trade.

MAG is a member of the Unit Trust Association.

TWO WAYS TO INVEST
As an alternative, or in addition to investing a capital sum, you can start a Regular Monthly Saving Plan under the same terms as the Fund. This will cost £1 a month. You are normally entitled to claim tax relief at current rates of £17 for each £100 paid.

On a £10 Plan, tax relief at present rates can bring down your net monthly cost to only £8.30, with which you buy units usually worth considerably more. Registered investment of this type also means that you can take advantage of the inevitable fluctuations in the price of units through Pound Cost Averaging, which is a positive alternative to buying units when the price is high and selling when it is low. You also get life cover of at least 120 times your monthly payment throughout the period if your age at entry is 34 or under (women 38), and rather less up to 75.

If you cash in or stop your payments during the first four years there is a penalty, and the tax authorities require us to make a deduction, so you should not consider the Plan for less than five years, 8% to 9% (depending on your starting age) is invested, except in the first years when an additional 20 per cent is retained to meet setting-up expenses.

MAG is a member of the Life Offices Association. This offer is not available to residents of Northern Ireland.

66 Many experts now regard Wall Street as more attractive than London
INVESTORS CHRONICLE 23.77
investors who buy units in American trusts in the next few months should be sitting on a reasonable profit by the end of 1978
DAILY EXPRESS 27.77

TWO WAYS TO INVEST
To: MSG GROUP LTD, THREE QUAYS, TOWER HILL, LONDON EC3R 6BB.
TELEPHONE: 01-526 4588. This section to be completed by all applicants

02 FULL NAME (BLOCK CAPITALS)
SURNAME
04 ADDRESS
05 TEL. NO.

POST CODE

90 AG 531237

EITHER £500 Complete this section to make a Capital Investment (minimum £500).

I WISH TO INVEST £
IN ACCUMULATION/INCOME units (delete as applicable) or Accumulation units will be issued of the M&G American & General Fund at the price ruling on receipt of this application. Do not send any money. (A contract note will be sent to you stating exactly how much you owe and the settlement date.) Your certificate will follow shortly.

I am not resident outside the United Kingdom, the Channel Islands, the Isle of Man or Gibraltar and I am not acquiring the units as the nominee of any person resident outside these territories, and if you are unable to make this declaration you should apply through a bank or stockbroker.

SIGNATURE

DATE

06 I WISH TO SAVE £
each month in the M&G American & General Fund.

I enclose my cheque for the first monthly payment, made payable to M&G Trust (Assurance) Limited. I understand that this payment is only provisional until the Company will not assume risk until formal notification of acceptance has been received.

07 OCCUPATION
08 DATE OF BIRTH

09 NAME AND ADDRESS OF USUAL DOCTOR (to whom reference may be made)

10 Are you an existing MAG Plan holder? Yes/No
If you cannot sign Part 1 of the Declaration below, delete it and sign Part 2.

11 I declare that I have read Part 1 of the Declaration below and signed Part 2.
I understand that my signature on Part 1 of the Declaration below creates a binding contract between me and M&G Trust (Assurance) Limited, and that I will accept their customary form of policy if I agree to provide any further information the company may require.

12 A specimen of the policy form is available on request.

13 SIGNATURE

14 DATE

Registered in England No. 1046359, Reg. Office as above.

M&G
THE M&G GROUP

A RETURN to the old fashioned virtues of buying shares when they are at rock bottom, and in companies with strong recovery or growth prospects, has dominated the progress of the top ten performing unit trusts in 1977, as shown in our league tables.

It should come as no surprise to investors that the top ten performers are all funds investing in U.K. equities; given the dramatic improvement in share prices this year as the financial climate has improved—even if the real economy as measured in terms of industrial output has stagnated.

By comparison many of the United States and Japanese based funds which dominated the top performers last year are now languishing among the laggards—with four of last year's winners M and G Japan, Save and Prosper Japan, Save and Prosper America, and Henderson Far East now in the losers' league.

"You are old, Father William," said the man, "How like on cold porridge and pie!"

"But your life has entered its happiest stage!"

"How on earth did you manage to do it?"

"In my youth," said the sage, "I studied the law."

"To see how my frightful tax bracket could work for, not against me."

"I speedily saw there was only one way to attack it . . ."

Let us hope our readers can all identify this way in the coming year.

Old fashioned way makes it

BY ANDREW TAYLOR

Top performers	% Gain	Bottom Performers	% Loss
M & G Recovery	115.9	Henderson Far East	13.6
Allied Hamble Smaller Co.	114.1	Midland Drayton Int'l.	13.7
Perpetual Group Growth	100.9	Trident American Growth	14.9
Framlington Capital	94.4	S & P U.S. Growth	15.2
Framlington Income	92.1	Henderson North American	15.2
Allied Hamble 2nd Sm. Co.	84.3	Trident Int'l.	15.9
Discretionary	78.6	Barclays Unicorn America	16.0
Oceanic Performance	78.2	S & P Japan	18.7
Antony Gibbs Growth	74.4	M & G Japan	19.1
M & G High Income	74.2	Antony Gibbs Far East	25.9
F.T. Actuaries All Share	47.3		

Source: Planned Savings.

counted by share price rises in the current year.

Mr. Martin Arbib, managing director of Perpetual Growth (placed third in the winners' table) says that growth next year will come from "special situations" rather than any particular sector—like property which performed so well in 1977. A year ago Perpetual Growth substantially increased its investment in property to 25 per cent of the fund's total portfolio—a move which clearly paid handsome dividends.

"Our philosophy has always been to go for companies with a low price earnings ratio and/or high asset values and pay no attention to yields and I see no reason to change this method," says Mr. Arbib.

Another strong feature linking this year's winners has been the number of successful funds which have concentrated their investment on smaller and medium sized companies—which are less well monitored than at the same stage a year ago. The big institutional were all Far East and American, investors and which in 1977 funds and perhaps there is generally outperformed the another old fashioned virtue included the heart.

Allied Hamble Smaller Companies and the Framlington funds.

Mr. Mark St. Giles a director of Allied Hamble said that increased takeover activity this year had, in many cases, enhanced the performance of smaller companies: "Share which come into this category include GHP Group, MK Refrig. eration, Dolan Packaging and Storey Brothers," he said.

On the other side of the coin the funds which were the losers this year were all investors in the Far East or the U.S. Japanese shares have come under pressure as the value of the yen has risen, inhibiting export prospects while the slide in the dollar has knocked the price of U.S. equities.

M. and G. Japan and Genera Fund which was the second worst performer this year (after being placed fifth in the winners' league in 1976), points out that the New York Dow Index has fallen by 5.2 per cent, in the last 12 months while Hang Seng Index of Hong Kong has declined almost 10 per cent.

Three of the top ten unit trust performers this year have more than doubled in price but which are less well monitored than at the same stage a year ago the top ten winners' category included the heart.

Likely to fall in the immediate future. Friends' Provident, a company that has just completed the first year of its three year period, is playing safe by keeping its interim bonus rate unchanged, but it has restored its terminal bonus rate, paid on its maturities, to the record level of 1974.

These increases reflect the very high yields obtained from massive investment in gilt debts during the past two or three years. The signs are that other life companies will follow this lead unchanged, but even so this represents a large increase at a time when interest rates are

A useful bonus

panies concerned are to receive some useful increases in bonus additions to their with-profit contracts.

This time the bonus season seems to have started early, for already some companies have £5 per cent, while Scottish Equitable and U.K. Provident announced their rates for 1977. Presumably these actuaries have both improved their rates substantially. Each of the companies operate on a three year period, but even so this represents a large increase at a time when interest rates are

E.S.

support Chieftain has received from stockbrokers and investment advisers.

The Trustee of Chieftain High Income Trust is Midland Bank Trust Company. The main duties of the Trustee are to hold the title to the Trust's investments and to check that all purchases made by the Trust are in accordance with the Trust deed to ensure that the income is distributed to the unitholders properly and to approve advertising and literature.

TAX ADVANTAGES

You can sell your units on any normal working day at the prevailing bid price. You will normally receive a cheque within seven days of receipt of your renounced certificate.

If you are a basic rate taxpayer, you will generally incur no tax liability when you come to sell.

If you are paying a higher rate of tax at the time of sale, you will be liable to Capital Gains Tax. But, even for the top-rate taxpayer, there is a maximum liability of only 13% (against the normal rate of 30%).

CLOSING DATE

Until 6th January 1978, units will be available at a fixed price of 43p each. Your application will not be acknowledged, but you will receive a certificate by 17th February 1978.

Fill in the coupon, or talk to your financial adviser without delay.

GENERAL INFORMATION

The offer will close if the underlying price of units should rise by 21%. After 6th January 1978 units will be available at the daily quoted price and yield published in most newspapers.

Chieftain High Income Units were first offered on 6th September 1976 at 25p each.

There is an initial management charge of 5% included in the price of units. There is also an annual charge of 2% (plus VAT) which has been allowed for in the quoted yield.

The Managers will pay the standard rates of commission to recognised professional advisers, who are invited to ring 01-248 3612 for further details of High Income and other Chieftain Trusts.

Income is paid net of income tax, but this can be reclaimed by non-taxpayers.

Distributions and a report on the fund are made half-yearly on 31st May and 30th November.

This offer is not applicable to Eire.

The Managers of the Trust are Chieftain Trust Managers Ltd., 30-31 Queen Street, London EC4R 1BR. Telephone 01-248 2932.

The Directors of Chieftain Trust Managers Ltd. are P. L. Potts M.A. (Chairman); R. J. D. Eats M.A., M.B.A.; J. D. Gillett B.Sc.; I. H. A. Hazel FC.I.S., A.L.F.K. Tod.



SI Finance and the family

Sh Tax relief restriction

By OUR LEGAL STAFF

Shareholders have two mortgages on my residence. One is the standard payment Building Society mortgage for £10,000. The other is privately arranged for £15,000 at very low interest. I am also taking a loan of £2,000 repayment at normal rates interest over a definite period to pay for double glazing units to be installed.

Realising that tax "ceiling" is £25,000 do you think the respect of Taxes would (a) issue a rise in the £2,000 loan interest demand? (b) if not, then demand a claim only £13,000 against me? Is he second mortgage, and then 0.07 more £2,000 loan interest?

You should ask your tax advisor for a copy of the free booklet IR11 (Tax Treatment of Shared Interest Paid). Under paragraph 5 of schedule 1 to the Income Act, 1974, the £25,000 limit has to be applied to loans absent a chronological order, so it is index, a new loan which will be subject to restriction of tax relief, ward b; however, if you mean that the only amount on which the building society interest is payable is OECD-reducing (£ annually) from the remaining figure of £10,000, a claim may not be as far over the £25,000 limit as was at your fear.

The rules are arbitrary and prices make no pretence to equity.

Non-residents' interest

Could you tell me whether previous interest on an investment account at the National Savings Bank is recognised by the U.K. modes revenue as being free of U.K. at 21 income tax in the hands of a person domiciled in the U.K., but resident in France?

Brit interest is liable to U.K. tax but, if you pay tax on it in France also, the U.K. tax rate is limited to 10 per cent, by article 1(2) of the France/U.K. tal thereto. Each case must, of course, be applied first.

Cover twice suppl per c at 97 96/15 hope:

My client set up a trust fund (an accumulative settlement) in 1964, settling certain shares on trustees for the benefit of his two children, each child to take his (equal) share of the trust fund (accumulated income and capital) upon attaining the age of 21. Since 1964 dividends have been reinvested in industrial ordinary shares and Government stocks, all accumulated income being reinvested in this way.

One child having now attained the age of 21, the trustees are in the process of transferring 50 per cent of the accumulated trust fund to him. None of the income of the trust fund has been paid to or applied on behalf of the two infant beneficiaries and it is now desired claim repayment of the relative 50 per cent. but of the tax suffered by deduction at source from the trust income. What effect will

double taxation agreement of course, depend on its own facts. The situation which you postulate U.K. tax completely, by bought first and independently virtue of concession B13 pub would fall under the Sale of

Buying a headlease

I live in a house under a lease which expires in about 32 years and wish to acquire the headlease and the freehold. The vendors of the former are asking for more than I think is fair and are not being at all co-operative. How can I make them respond to correspondence? Is there machinery to give a fair price? What would be the position if I bought the freehold, but failed to acquire the headlease?

If, as is most likely, you qualify under the Leasehold Reform Act 1967 you should serve a notice

to purchase the reversion under that act (if this has not already been done). If agreement is not reached on a price reference can be made to the Lands Tribunal to fix a price. The provision of the First Schedule to the 1967 Act enable you to treat with one person only as reversioner. Leaving that person to resolve issues among all the persons whose interest is superior to your own.

Falling this, what would be the position if the motorist first bought the instrument from the garage stores and then handed it over to the garage to be fitted?

There is a case for saying that the provision of a speedometer is a sale of goods, and that the supplier is liable in contract under the Sale of Goods Act 1893. However, the facts in the query to which you refer led us to the view that the contract was for services, with the supply of goods being incidental to the same.

Without seeing all the correspondence passing between you (or your solicitor) and the vendor or its liquidator and the purchaser of the reversion from the vendor, we cannot advise fully. The proper course for you to adopt is to serve a notice to complete (this is provided for in standard form contracts of sale). When that notice expires you can rescind or seek specific performance at your option—but until its expiry you can be forced to complete the purchase.

Estate residue and expenses

My father died some months ago, leaving the residue of his estate as to 75 per cent to me and the rest to another. In the residue is his house whose value has increased since my father died, and in which I came to live a few weeks ago. It has been agreed I take the house as part of my share. The estate has not yet been wound up and meantime all the bills are being sent to me, including those for

such a repayment claim have from the point of view of taxation, in view of the 1968-69 legislation and also, what might conceivably be the extent of any charge to CGT on the appreciation of the Trust Fund from 1965 to the date of transfer to the beneficiary.

Income Tax: The elder child can claim repayments under section 228 of the Income Tax Act 1952 in respect of the tax borne by his share of the trust income in 1968-69 and earlier years. No repayment is obtainable in respect of later years' tax (except, of course, for tax on income arising after his 21st birthday).

Capital Gains Tax: The trustees are chargeable to CGT in respect of gains deemed to arise on his 21st birthday under section 25(3) of the Finance Act 1965. We infer from what you say that there have been no actual disposals of investments since the settlement was Finance Act 1976.

Capital Transfer Tax: Presumably, the settlement falls within paragraph 15 of schedule 5 to the Finance Act 1975, as amended by section 106 of the Finance Act 1976.

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Capital Transfer Tax: Presumably, the settlement falls within paragraph 15 of schedule 5 to the Finance Act 1975, as amended by section 106 of the Finance Act 1976.

Obviously solar heating for a swimming pool is sufficiently new for it to be difficult to state with any certainty whether it falls within Class 1 of the Order

made, so there will be no other gains or losses to be taken into account. If there is a deemed loss under section 25(3), paragraph 17(3) of schedule 6 to the 1965 Act will apply, because the trustees and the beneficiary are connected with each other (under paragraph 21 (3)); on the other hand, the loss will be available to the beneficiary under section 25(8).

You will see from paragraph 4 of schedule 10 to the Finance Act 1971 that gifts acquired by the trustees after the elder child's 20th birthday will give rise to chargeable gains (or potentially allowable losses) under section 25(3) of the 1965 Act.

Disposals by the beneficiary, however, are exempted by paragraph 24 of schedule 10 to the 1971 Act.

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No legal responsibility can be accepted by the Financials for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Accumulative trusts tax

I asked some local installers to put in a solar heating system for our swimming pool and they told me that planning permission for this was unnecessary. The local council takes a different view and refers us to the Town and Country Planning Development Order 1977, Class 1 of Schedule 1.

The installers are now worried about applying for planning permission in what seems to be a very grey and undefined area. What, please, do you advise?

We think that the description of your problem as falling within a grey and undefined area is apt. The Development Order to which you have been referred enables certain specified operations which would otherwise constitute development requiring planning permission to be carried out without requiring permission.

Mortgage interest and other charges on income go to either husband's or wife's income to reduce the income of the spouse who is legally liable to pay them. By definition the wife's income consists wholly of claimed, and £50 if it were not, 50 per cent being the tax rate applicable to taxable income between £2,001 and £9,000.

It is also possible to see why the separate assessment claim should not be made for an income pattern lower than those indicated. The claim as illustrated took £1,000 out of the 40 per cent band and £1,000 out of the 45 per cent band, thus saving £170. On the other hand the claim resulted in a reduction of the allowances from £8,400 to £8,300, the first being a married allowance and wife's earned income allowance, and the second being two single persons' allowances. This means that £510 more income paid tax at 34 per cent, this detriment being £174.

Separate assessment should be claimed where the tax saved would be £8,000, and the liability on it £2,890, being £6,000 at 34 per cent, £1,000 at 40 per cent and £1,000 at 45 per cent.

Contrast this with the separate liabilities. The wife's earnings of £5,100 are reduced by a single person's allowance of £2,945, and tax at 34 per cent on the balance comes to £1,413. The husband's income is £3,300, on which he is also taxed as if he were single. After deduction of his single allowance of £2,945, his liability is £1,481, this also being wholly calculated within the 34 per cent rate that applies.

The aggregate of the separate liabilities, £2,894, is marginally less than the jointly calculated liability of £2,890. A claim for separate assessment would be claimed, because the policy then therefore not be appropriate at falls foul of the provisions disallowing relief on policies "on

the circumstances in which the life of another."

Here are the five winners of last Saturday's Christmas prize crossword puzzle. They each receive a prize of £10.

Mr. S. E. Best, 26, Crabtree Lane, Bodmin, Cornwall; Mr. E. M. Dowdeswell, 3, Spencer Hill, Wimborne, S.W.19; Mr. J. Draper, 9, Brunton Place, Edinburgh EH7 5EG; Mr. J. Frisken, 6, Roseberry Road, Fifehouse, Suffolk IP11 7JR; and Mrs. M. Manson, East Pittendreich, Brechin, Angus, Scotland, DD9 6RD.

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rates and insurance. At what value should I take the house, that of the date of death, or that on the day it is conveyed to me? Should not part of the expenses be borne by the estate, until the conveyance place?

You take the house at its value at the date of death. The outgoings on the house ought to be borne by you for the whole period of your occupancy of it, and also in respect of rate and insurance for any period from the date of death prior to your occupancy, as you obtain the benefit of the valuation being as at the date of death. If the house were sold, you would not be liable for all the rates or insurance before your occupation. These would be estate expenses and you would thus only bear 75 per cent of them. However, in that event the net proceeds of sale (after tax and costs and expenses) would fall into the estate and be divided in the ratio 4 to 1.

Contract to buy a flat

I live in a house under a lease which expires in about 32 years and wish to acquire the headlease and the freehold. The vendors of the former are asking for more than I think is fair and are not being at all cooperative. How can I make them respond to correspondence? Is there machinery to give a fair price? What would be the position if I bought the freehold, but failed to acquire the headlease?

If, as is most likely, you qualify under the Leasehold Reform Act 1967 you should serve a notice

to purchase the reversion under that act (if this has not already been done). If agreement is not reached on a price reference can be made to the Lands Tribunal to fix a price. The provision of the First Schedule to the 1967 Act enable you to treat with one person only as reversioner.

As the sellers have failed to complete, can I rescind my part of the contract and obtain return of the purchase price?

Without seeing all the correspondence passing between you (or your solicitor) and the vendor or its liquidator and the purchaser of the reversion from the vendor, we cannot advise fully. The proper course for you to adopt is to serve a notice to complete (this is provided for in standard form contracts of sale).

When that notice expires you can rescind or seek specific performance at your option—but until its expiry you can be forced to complete the purchase.

An insolvent solicitor

Until he absconded I employed a solicitor to wind up my late husband's estate. It then became apparent that the estates were liable for further duty, together with substantial interest charges. The solicitor has been declared bankrupt. Is there anything I can do, apart from paying up?

You will have to pay the interest charge out of the estate funds in the first instance.

However, you might be able to obtain a payment out of the Law Society's Indemnity Fund which is designed to cover the position where a solicitor is financially unable to meet his liabilities to his clients. We suggest that you make a claim on that fund.

A grey planning area

I asked some local installers to put in a solar heating system for our swimming pool and they told me that planning permission for this was unnecessary. The local council takes a different view and refers us to the Town and Country Planning Development Order 1977, Class 1 of Schedule 1.

The installers are now worried about applying for planning permission in what seems to be a very grey and undefined area. What, please, do you advise?

We think that the description of your problem as falling within a grey and undefined area is apt. The Development Order to which you have been referred enables certain specified operations which would otherwise constitute development requiring planning permission to be carried out without requiring permission.

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Motoring

Diesel thinking

BY STUART MARSHALL

MR. Anthony Wedgwood Benn is anxious to be seen to be doing something early in the New Year to "Save it" for Britain. I have a word of advice for him.

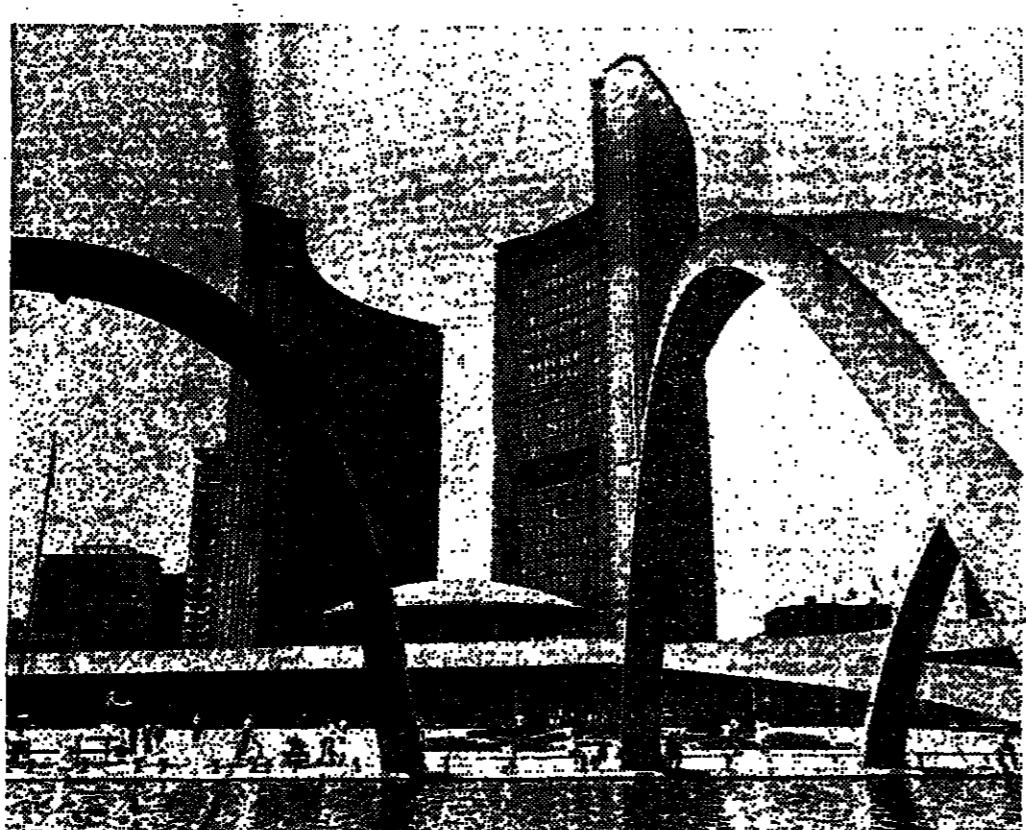
Try a diesel car.

His present ministerial Rover must have a petrol consumption of 20 miles per gallon or less, bearing in mind that most of its journeys are (a) short and (b) in traffic. These are the conditions in which diesel cars do best. Without sacrificing any pace or comfort in his official conveyance, he could get 30 mpg out of a diesel.

True, it wouldn't quite cut fuel costs by 50 per cent, because diesel fuel is dearer than petrol following the summer price cut forced on the government by the Lib-Lab pact. But perhaps Mr. Benn could have word with his Cabinet colleagues about this. It would be the toast of the Road Haulage Association if he did.

And there is, of course, a snag. Britain simply doesn't have a diesel car, which makes us practically unique among the car producing nations.

Mind you, if Mr. Benn asked British Leyland nicely they might lend him one of their prototype diesel Princesses. Ford could supply him with a diesel Granada, which they will be selling here in a month or



Driven hard and heavily laden, the massive Citroen Safari diesel returned 32 mpg. Could we not make 1978 a "Save it with diesel" year for Britain?

after having played a pioneering France, Italy and Spain the expected to rise by 2,000 a year role. Back in the late 1940s the much lower prices of diesel at a cost of \$4 million.

I mention these two makes specifically because I have driven them both extensively in the past year. The Citroen—Safari estate, actually, which is bulkier than the saloon—returned 32 mpg on a very-hard driven, heavily laden trip of 2,700 miles. For much of the time it was cruised at a steady 80-85 mph on the French autoroute, which is hardly the best way to exploit diesel economy. And the Peugeot 504 GLD estate, which had automatic transmission, yielded 35.6 mpg during a two week test which included a great deal of use in work quietly. For most of the on sale in Britain. It would make sense (and I believe him) to forget a diesel car is not bring them into production... can forget a diesel car is not bring them into production... petrol lowered. Only the in-and the number of imported diesel cars could be

against any government ideas fund over, the modern diesel cheaper than petrol and

automotive diesel goes about its no British-made diesel cars are

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Golf

Tale of a rogue club

BY ROGER PAUL

A CAUTIONARY tale of a which should never have been is with the exception of the Christmas past. A man I know occurred, and yet this sort of three iron, the one club I have never been able to use, which bad somehow acquired the loft of a two iron. Now it may be

For instance, Peter McEvoy, of the Amateur Champion, who is probably the finest amateur outside the U.S. received a set of clubs a month ago. He had stipulated certain lots for particular clubs, wanting the longer irons strengthening because he finds it easier to hit the ball high with a strong club and as he was a 14-handicapper the January Medal was as good as won.

The 13th at this particular course is only a flick, and our result of all that was that he finished up with three 2 irons and two 8 irons. When McEvoy re-measured his clubs he found that the 1 iron was 20 degrees, his 2 iron 21 degrees and his 3 iron 22 degrees. He had wanted them at 15, 17 and 20 degrees. The 8 and 9 iron clubs were within a degree of each other and he was effectively being robbed of the use of three irons out of 11. This, let me stress, with brand new clubs straight from the factory.

The club was duly made, and delivered on the practice ground by Nightingirl himself. The man hit a practice bag of balls as nicely as you could wish for and as they were walking to pick them up he expressed delight with the club. "Funny you should say that," said Nightingirl. "Because it's really a two iron with a figure three stamped on the bottom."

The awful thing is that the man then tried to hit the balls back to his starting point and not one... more than three inches off the ground.

So it may be that in this the most psychological of all sports that the club you can't hit properly is the product of a disorderly mind. Or it may be that the disorder comes from carelessness quality control. Golfers who don't know should go to the pro.

The story is a troubling one and it was with some relief that when I checked my own clubs I found that although they were all fractionally stronger than they should have been, they were uniformly stronger. That their pro.

Heath's Condor. This must have as much as 400 miles if Pen-Duick can maintain an average speed approaching the 10.1 knots achieved by Condor over the 7,500 miles from Cape Town to New Zealand.

The smaller British Joint Services entry, Adventure, with her new crew that joined the yacht from New Zealand, gave her position yesterday at about 10° 25' S, 160° E.

If the French yacht's rating is accepted in its present form, leading the fleet yesterday as she passed close to Chatham Island, some 600 miles from the start, was the British yacht this leg, which could amount to

ALEC BEILBY

Travel

Options for 1978

BY SYLVIE NICKELS

HE ONLY short cut I know to robbing next summer's ideal holiday is the services of a travel agent with intimate knowledge of you and your pocket. Otherwise any interested travel agent can save you time, money and disappointment; but it must be said that—as in other spheres of supply and demand—one-travel suppliers are much, much more interested (and knowledgeable) than others.

The alternative is to decide on the nature and cost of the holiday you want, collect the appropriate tour operators' brochures, and be prepared to devote proper time to reading the small print, deciphering the symbols, checking the cross references and doing the correct additions and subtractions. Tour operators have become increasingly more informative, but it means a lot of homework. All I can do is make some suggestions, in this case concentrating on a handful of traditional and less traditional ideas that have caught my attention among the current tide of holiday offers.

To begin rather conventionally, Cooks have an interesting bargain in such old favourites as Majorca, Minorca and the Costa del Sol: four adults for the price of three. The offer applies to some early summer departures. Less conventionally, their Adventure Tours programme features regions of the world more usually associated with exploration, such as the Himalayas and the Arctic. When it comes to coach travel, in case you thought the days of the Grand European Tour had

Your Week-end: Australia £250, Belgium £2, France £85, Italy £140, Greece £120, Spain £120, Switzerland £140, U.S.A. £600, Sweden £100, Turkey £100.

City Hall, Toronto, Canada

gone, Global have a whole programme full of it. The while middle-distance destination is called just that, lasts 28 days, crosses seven countries to as far south as Sorrento, and costs £258, mostly half board. Or you can have 22 days touring the Balkans and Turkey for £665.

Most of Ingham's Discovery Tours are on the shorter side and next year they are extending some of their off-season favourites into the summer. There are high season departures, for example, for 8-day tours of Switzerland, Austria and the Norwegian fjords. Also shortish in duration, though anything but short in distance, is Bales' new series of Tabloid Tours, which are sort of half-size tours designed for busy people with a taste for the far-off places in which Bales specialise. An example is 11 days to India and Kashmir with a departure on July 23, costing £506. Each tour is escorted.

Egypt is making a quiet come-back as a very worthwhile destination. The while middle-distance destination is called just that, lasts 28 days, crosses seven countries to as far south as Sorrento, and costs £258, mostly half board. Or you can have 22 days touring the Balkans and Turkey for £665.

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Egypt is making a quiet

expert guidance seems infinitely preferable to doing nothing much on your own. Cox and Kings probably have the biggest selection of 15-day specialist interest arrangements concentrating on flowers or feathered fauna, often in areas well suited to both. They have a

(half board). Luxor and Aswan (full board) with several excursions.

Be prepared for considerable heat in summer though. Speedbird are also extending their programme to the East Turkish border. It leaves on June 1 and costs £550-£400 plus Spain, Greece and several Swiss Austrian and Italian Alpine centres are featured at substantially less.

If you don't mind some savings can be well into three figures if you don't mind some

usually short but impressively sharp downpours.

Intriguingly off-beat

is which includes a whole series Serenisima's two-week tour to art treasure tours in Europe, each escorted by an appropriate expert.

One of them is to

visit Romania with a mixture of history, wild life and folk customs, and cost £1,095.

This realm of special tours

one for which I have a particularly soft spot, on the principle

of departures.

It is also pleasing to know of RH19 ILD.

Address: Thomas Cook, Thorpe Wood, Peterborough PE3 6SB; Global, Glen House, 200, Tottenham Court Road, London W1P 0JP; Inghams, 329, Putney Bridge Road, London SW15 2PL; Eales Tours, 16-17, Coventry Street, London W1V 8EL; Speedbird, 200, Buckingham Palace Road, London SW1W 9TJ; Serenisima, 140, Sloane Street, London SW1X 9AY; Cox and Kings, 46, Marshall Street, London W1V 2PA; Swan Hellenic, 237-238, Tottenham Court Road, London W1P 0AL; Felix and Monique Partridge, 7, George Street, Weburn, Milton Keynes, Bucks, MK17 9PX; The Travel Club, Station Road, Upminster, Essex; Scantours, 8, Spring Gardens, London SW1; Jetave, Sussex House, East Grinstead, Sussex.

Depend on your age at entry, between £95 and £900 out of every £100 is invested in units from the first subscription. (See Table below.)

The Plan offers the private investor a means of regular saving with which he or she can benefit from the skills of a large investment team using appropriate world markets. The Plan is a proven success. The £25m investment group behind it is of proven integrity, and the fact that your subscriptions buy more units when prices are low and fewer when they are high guarantees that the average price you pay for your units is less than the average of their varying prices during the savings period. Unit prices can, of course, go down as well as up but 'pound cost averaging' makes positive long term advantages out of such occurrences. Joining the Plan is as simple as filling in the coupon below. You can start for as little as £15 per month and there is no upper limit although if you want to save more than £50 a month further medical evidence may be required. Subscriptions may also be paid quarterly or yearly.

As the CRESCENT PLAN is a life assurance

policy you are entitled to tax relief on your subscriptions. Currently this means that for every £100 you subscribe £17.00 will be allowed in tax relief, but if you stop subscribing to the Plan within the first four years the Inland Revenue may require us to refund to them a portion of the tax relief you may have obtained. This we do by deducting the appropriate amount from the proceeds.

The Plan also provides a guaranteed minimum return in the event of the death of the subscriber before the end of the savings term. Experience has shown us that the most popular savings term is 10 years, therefore, for persons aged 18 to 60 next birthday this guaranteed return is at least eight times the annual subscription and for those up to age 50 next birthday at entry, at least ten times the annual subscription. (Details of longer term policies are available on request.)

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This offer runs from Tuesday, 10 January 1978.

We believe that it makes sense for any private investor who wishes to protect his savings to spread the net by investing at least part of his savings internationally.

Crescent International invests throughout the world in a carefully chosen portfolio with outstanding potential. Since the Crescent International Fund was formed in 1970 the value of units has increased by 100% as compared to a rise in the F.T. index of only 39.5% in this period.

THIS COUPON ENTITLES YOU TO A SPECIAL INTRODUCTORY DISCOUNT OF 10%

Subscribers to this offer will receive their first allocation of £100 at a fixed price of £46, a discount of over 10% on the current offer price of £51.50 valid at 30th December, 1977.

This offer closes on Tuesday, 10 January 1978.

To Crescent Life Assurance Co. Ltd., Acer House,

Windsor, Berks, SL4 1DU Tel: Windsor 62443.

I hereby apply for a CRESCENT INTERNATIONAL

PLAN assurance policy

£ Monthly

£ Quarterly

£ Yearly

I enclose a remittance for the first subscription, payable to

Crescent Life Assurance Co. Ltd. Subscriptions must be

in exact £s (minimum £5 monthly; £5.50 quarterly;

£25 yearly).

Surname (Mr. Mrs. Miss)

First Names (in full)

Address

Date of Birth

Gardening

How to keep them alive and well

HOW LONG ARE those Christmas gift plants going to when plants are kept constantly watered? They will include the non-succulents with stiffly twisting leaves that look as if they are floating upwards through water, the echeverias, indestructible India rubber plants, variegated spider plants, sprawling multicoloured radescantias and rambling kalanchoe vines (*Cissus antarctica*).

Slightly more difficult, unless one has the benefit of central heating, are the variegated pineapples, heavily mottled steffenbachias, gorgeously coloured crotonas (*codiaeum*), striped aphelandras and a whole host of bromeliads forming stiff rosettes of leaves enclosing a central "vase" which must be kept constantly charged with water.

The really difficult ones are flowering plants and the explanation is simple. Leaves

can be produced freely even when plants are kept constantly watered. They will include the non-succulents with stiffly twisting leaves that look as if they are floating upwards through water, the echeverias, indestructible India rubber plants, variegated spider plants, sprawling multicoloured radescantias and rambling kalanchoe vines (*Cissus antarctica*).

Slightly more difficult, unless one has the benefit of central heating, are the variegated pineapples, heavily mottled steffenbachias, gorgeously coloured crotonas (*codiaeum*), striped aphelandras and a whole host of bromeliads forming stiff rosettes of leaves enclosing a central "vase" which must be kept constantly charged with water.

Then there are some popular winter flowering plants that are either annuals or best grown as such since they always behave better when renewed each year with a fine "rose" to provide house or conservatory for

they appreciate and which will keep them growing and flowering in season for several years. Poinsettias are too tender to be reliable where the light is fairly bright. Specialists, and there are many of them, for the African violets as they are misleadingly called are a lovely rose, often grow them in special cabinets, rather like little indoor greenhouses complete with their own built-in lighting and heating. Such things can be highly decorative and great fun and will provide a home for many other small plants besides the saint-paulias.

Chrysanthemums are not suitable for permanent cultivation indoors, partly for reasons of poor light and lack of humidity already stated but even more because they are so greatly affected in their growth pattern by day length. During the long days they keep on growing and never stop to form flower buds. The signal for this is lengthening nights, warning them that autumn is approaching, but even the light of ordinary 60 watt electric bulbs a few feet away can mislead them and keep them growing uselessly. So unless they can go outdoors from May to early October it is best to get rid of them once they cease to be decorative.

Such things can be highly decorative and great fun and will provide a home for many other small plants besides the saint-paulias.

ARTHUR

Property

S More confident

BY JOE RENNISON

IT HAS been a long time since one has been able to report with any great optimism on the state of the property market. But in 1977 there certainly seems to have been a revival of what I can only call enthusiasm for buying houses for the first time in four years without the inflationary side effects of boom. As the following comments from agents to show there is a consensus of the happy thoughts.

Undoubtedly the most outstanding feature of the property market in 1977 at all levels has been the buyers' return of confidence according to Jackson-Stops and Staff, who have offices throughout the country. In their annual round-up for 1977 the residential sector has performed strongly and has been characterised by the continued strengthening throughout the country of this buyer's confidence. There is no doubt that such confidence is bolstered by the large reduction in the mortgage and bank interest rate. The North-West Regional office in Chester have reported the exchange of contracts on 58 properties during the last quarter of the year alone and it is particularly interesting to note that nearly half of these properties were in Wales. The incidence of returning confidence in all sectors, including perhaps the leisure element, was fully illustrated by one heat of fishing in the Lake District which changed hands at auction in 1973, at £10,500, to be resold by the same office in 1977 for £17,500.

Since 1974 the majority of professional advisers have instilled into their clients the wisdom of ensuring they have exchanged contracts on their own property before committing themselves to the purchase of another. 1977 has shown such a strengthening of the market to a pitch that once more buyers are proceeding with the purchase of properties before selling their own. This situation is undoubtedly tempered by the national shortage of quality properties. All the Jackson-Stops and Staff offices report that the demand is still outstripping supply and the Midlands Regional office at Northampton seem particularly affected by this situation, being inundated by a stream of applicants on the one hand, but having vendors



An indication of the way the market has turned in the late few months is the considerable interest engendered in the normally quiet month of December, in a property known as Tros-Y-Parc, Denbigh, in the Vale

of Clwyd, North Wales, which only came onto the market at the end of November. Such was the interest privately that Jackson-Stops and Staff's Chester office held a private auction on December 19, when the property was sold in excess of the anticipated £50,000.

One application for a large country house, up to £300,000 suitable for residential use, the property market moves in phases, says Mr. Doel. Most at different times by certain conditions—too much or too little money in circulation, or mortgages available, and too many or too few applications and instructions. The property market is always the first to be affected by the political or economic situation, he says, and because of the cost and shortage of new houses, second-hand houses generally have been the best buy since 1974. This is a situation that will inevitably change sooner or later. Mr. Doel says, as the higher building costs must be reflected in the prices of second-hand properties. The building industry is at present showing some signs of recovery, he adds, but builders are still short of suitable sites for development.

At 1977 comes to an end many agents feel its beginning was a long long time ago. The changes seen in the market in the past 12 months would more often have encompassed two or possibly three years. Weller Eggar do not expect a runaway boom such as was seen in 1973 but easy mortgages and cheap money are now creating a very buoyant sellers market indeed, unlike the early part of the year, when money was prohibitively expensive and mortgages all but unobtainable.

Weller Eggar, with 111 offices in Surrey, Sussex and Hampshire report that in all price ranges they have a demand for properties which far exceeds the supply. Many houses are sold within hours of coming



Weller Eggar have instructions to sell Assisted residential units. The accommodation at the Grayshott, near Hindhead, used until recently as a subsidiary to the Ladywell Convent, is ideally suited to continue as an institution or for conversion into several

Offers over £100,000 are being looked for.

£100,000 per acre.

The sharp rise in land values—caused purely by land shortage, the agents—could add £2,000 to the cost of the average house, "Avon County Council," say the agents.

Despite soaring land values Alton Daws and Hoddell are one of those planning authorities which is proposing a virtual stop to the release of further land for housing. Despite representations from the housebuilding industry, the Royal Institute

of Chartered Surveyors and the Royal Institute of British Architects, the council apparently fails to comprehend that artificially increasing its costs to the public is a misguided and self-defeating way of trying to limit public expenditure.

Despite soaring land values Alton Daws and Hoddell expect house prices to continue to rise more slowly than land and building costs, with profits in housebuilding remaining marginal.

Hotels Service still counts



STAYING IN

hotels in big American cities is seldom much fun any more. The large hotel chains have stamped their personalities so remorselessly on their properties that a sleepy traveller in the early morning hours may be forgiven for mistaking his room in Denver for its identical twin in Boston.

Such hotels provide all the basic amenities, but they usually manage to do so with a peculiar blend of efficiency and indifference that may be cost-effective but rarely satisfies the traveller. There are exceptions though economic pressures are steadily reducing their number as time passes. There is one in particular in New York that deserves special mention, partly because it is in such marked contrast to most of its larger competitors and partly because this is its 75th anniversary year.

Its name is the Algonquin and it stands in an unprepossessing street between Fifth Avenue and the City's theatre district, not far from the offices of the New Yorker magazine with which it has had a long and intimate relationship.

The Algonquin is the standard

bearer for a kind of New York

the visitor often scarcely knows exists. It is a courtly hotel with strong literary links and the decision to start the New

Yorker was taken there) and with close ties both to the American and to the British theatre. Earlier this year, to take only one example, Christopher Hampton, Trevor Griffiths, Simon Gray, Tom Stoppard and David Storey were all guests in the hotel at the same time.

At Christmas time with the lights of Fifth Avenue only a short walk away the hotel seems

more like a house, for the management works very hard to maintain this feel. The fact that it succeeds, however, makes it a very special place—particularly

in a city that can be as dauntingly impersonal as New York.

It is not the only distinctive hotel in the city, but its history and its character contrive to set it apart from the others in all sorts of ways. The Algonquin has had only two owners who subsequently stays in the tenth floor) and resolutely refuses to treat its guests as "units".

Thus it has as many staff at its pre-theatre dinner and the tea cups are supplanted by glasses to a standard far higher than can be justified in strict terms. Later when the theatres close waiters set up the "always

personal service". That also makes up for the fact that the rooms are small (indeed some of the cheaper single rooms are downright tiny) even if they are very reasonably priced by New York standards. Bookings need to be made quite far ahead even at weekends.

Most days Mr. Ben Boden, the owner, is to be seen sitting in a wing chair in the lobby presiding over his hotel. The story of how he came to be its second owner seems very much in character. He stayed there on his honeymoon and promised his wife that one day he would buy it. In 1946 its first owner died and Mr. Boden duly bought it even though the New York papers wrote of the hotel's obituary along with that of the first owner. It has survived to prove them wrong and seems set to celebrate its next 75 years.

DAVID BELL

ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office

OPERA & BALLET

COLISEUM, Circus St., EC1 4BB. Tel: 01-836 5538. Box office open 10am-1pm, 3-6pm, 7-9pm. Last Sat. 7.30pm. *Die Fledermaus*. Wed. & Fri. 7.30pm. *Le Nozze di Figaro*. Sat. 7.30pm. *Don Juan*. Tues. 7.30pm. *Die Zauberflöte*. Wed. 7.30pm. *Die Fledermaus*. Sat. 7.30pm. *Die Zauberflöte*. Sun. 7.30pm. *Die Zauberflöte*. Mon. 7.30pm. *Die Zauberflöte*. Tues. 7.30pm. *Die Zauberflöte*. Wed. 7.30pm. *Die Zauberflöte*. Thurs. 7.30pm. *Die Zauberflöte*. Fri. 7.30pm. *Die Zauberflöte*. Sat. 7.30pm. *Die Zauberflöte*. Sun. 7.30pm. *Die Zauberflöte*. Mon. 7.30pm. *Die Zauberflöte*. Tues. 7.30pm. *Die Zauberflöte*. Wed. 7.30pm. *Die Zauberflöte*. Thurs. 7.30pm. *Die Zauberflöte*. Fri. 7.30pm. *Die Zauberflöte*. Sat. 7.30pm. *Die Zauberflöte*. Sun. 7.30pm. *Die Zauberflöte*. Mon. 7.30pm. *Die Zauberflöte*. Tues. 7.30pm. *Die Zauberflöte*. Wed. 7.30pm. *Die Zauberflöte*. Thurs. 7.30pm. *Die Zauberflöte*. Fri. 7.30pm. *Die Zauberflöte*. Sat. 7.30pm. *Die Zauberflöte*. 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How to spend it

Have some fun with our New Year Quiz

The Christmas or New Year Quiz on this page has now become traditional and every year we know readers start writing in long before Christmas with their ideas and views on what sort of quiz it should be. Several readers found last year's quiz very difficult. We, in this office, didn't think it too difficult at the whole but there were certainly at least two questions that were tricky to answer and that needed some kind of mathematical or logical facility.

This year's quiz has again been compiled by Quiz Digest, the monthly magazine for quiz and puzzle addicts, but, in view of readers' comments, I asked them to make it less dependent upon mathematical skills. Last year all the many readers who attempted the quiz

seemed to think it a good idea to tear out the page and fill in the answers in the spaces we had left for them. We found that using coloured ink made our job of checking answers very much easier so please do your best to write clearly and to use a good strong-coloured ink.

This year we are again offering three prizes—a magnum of champagne to each of the first three readers with correct (or nearly correct) answers that are opened in this office on Monday, January 9, 1978. Mark your envelope "Quiz" and send the completed page to: "How to Spend It Page," Financial Times, 10, Cannon Street, London, E.C.4. In the meantime I hope you all have fun doing the quiz and a very happy New Year to you all.

REBUS

Read the pictures from left to right to make a phrase of three words.



LITERATURE

There is only one clue down. As the solutions are filled in, the letters which fall into the numbered squares will spell out a phrase connected with the theme of the puzzle.

DOWN

1. The epitome of miserliness. (8, 7)

ACROSS

A. Hero of a poem by Tennyson, supposedly lost at sea. (5, 5)

B. Possibly the earliest lengthy poem, with tales of the Dark Ages. (7)

C. Scene of Hardy's "Return of the Native." (5, 5)

D. Creator of Chief Inspector Alleyn. (5, 5)

E. A family of French printers whose device was the olive tree. (8)

F. One of the outstanding western writers. (4, 4)

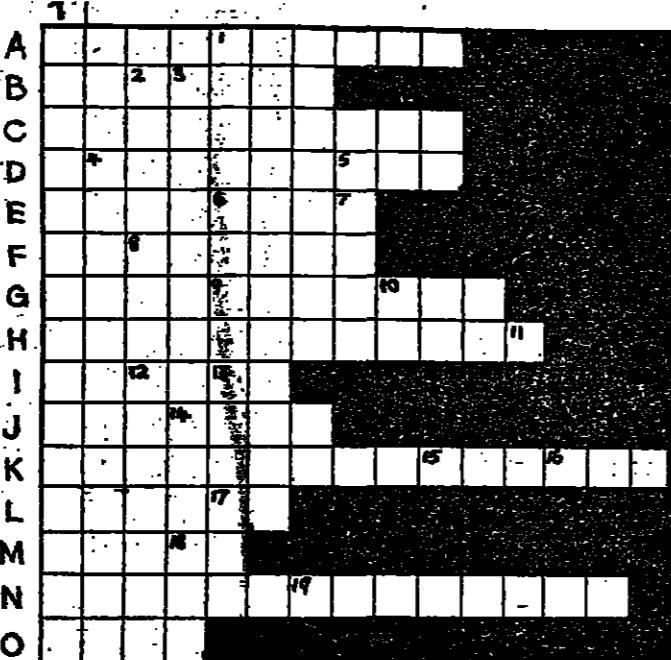
G. is the best poison. (Proverb). (5, 6)

H. Author of "I, Claudius" and "Claudius the God." (6, 6)

I. Miller of Trumpton in Chancer's "The Reeve's Tale." (6)

J. A character from Dickens' "Little Dorrit." (7)

K. Creator of Philip Marlowe, the private detective. (7, 8)



L. "There's no truth at all I' N. Secret service hero created by Dennis Wheatley. (7, 7)

M. Unknown hero of a book by Henry Williamson. (6)



WHO WROTE WHAT?

Rearrange the words below to form the titles of ten well known novels. Then write the name of the author and the title of each book on to his or her picture.



Write the answer in the space provided under each question.

1. Under which tree did the ancient Druids hold their ceremonies?

2. Which member of Royalty is said to have popularised the Christmas tree in this country?

3. Which is the world's tallest species of tree?

4. Who wrote: "I remember, I remember
The fir trees dark and high?"

5. Under which tree did Mohmed receive his revelation?

6. Which English king hid from his enemies in an oak tree?

7. What year was observed as Tree Planting Year?

8. What do foresters mean when they refer to some trees as "stag-headed"?

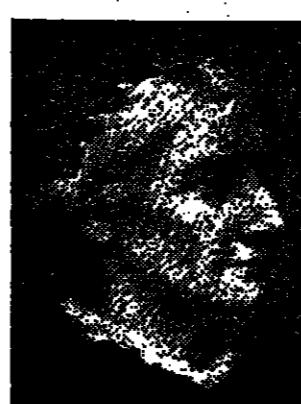
9. Who was the king who hastily summoned a Parliament under what is now known as Parliament Oak at Clipstone, Nottinghamshire?

10. Supply the missing word in the quotation:

"I think that I shall never see
A ... lovely as a tree."



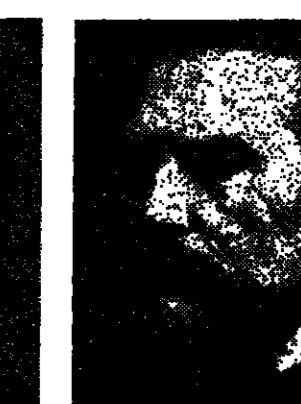
Here are pictures of the people mentioned in the following romances. Answer the question at the end of each story and write the name on to the picture of that person.



1—A famous English explorer, translator, first saw his future wife when she was a schoolgirl in Boulogne. They met by accident in England years later when he had become notorious for his unorthodox conduct, for fighting unfairly and for a number of books he had written describing his adventures in India, Arabia and Africa. He proposed on the spot, was accepted and promised to marry her on his return from a three-year visit to Africa. They eventually married after a ten-year engagement and were very happy. On his death the explorer was buried in a Mortlake cemetery under a tombstone resembling a tent. Who was he?



2—Under which tree did the ancient Druids hold their ceremonies?



3—A famous English explorer, translator, first saw his future wife when she was a schoolgirl in Boulogne. They met by accident in England years later when he had become notorious for his unorthodox conduct, for fighting unfairly and for a number of books he had written describing his adventures in India, Arabia and Africa. He proposed on the spot, was accepted and promised to marry her on his return from a three-year visit to Africa. They eventually married after a ten-year engagement and were very happy. On his death the explorer was buried in a Mortlake cemetery under a tombstone resembling a tent. Who was he?

similar vein, yet they never once met. To help his career, she paid off all his debts and made him a regular allowance of £6,000 pounds a year. When he made an unhappy marriage to another woman, his admirer offered to pay for his divorce. In gratitude he dedicated his Fourth Symphony to her. When she suffered severe financial losses and could no longer afford to support him she broke off their correspondence despite the composer's desire to continue it. He died in 1893 in a cholera epidemic. Who was he?

4—In the early 18th century a budding German composer fell in love with his teacher's daughter, but was refused permission to become engaged to her. After numerous protests they were given grudging consent to meet occasionally while the music teacher did all he could to deify his promising pupil. Their unhappy romance was well known in the musical world and brought help from Chopin, Liszt and others. Eventually the lovers were given permission from a court of law to marry on August 8, 1840 and their wedding took place a month later. Both became composers, the husband being much better known than his talented wife. Who were they?

5—For 17 years one of Russia's most famous composers wrote passionate letters once a day to a woman who lived in the same town and she replied in

similar vein, yet they never once met. To help his career, she paid off all his debts and made him a regular allowance of £6,000 pounds a year. When he made an unhappy marriage to another woman, his admirer offered to pay for his divorce. In gratitude he dedicated his Fourth Symphony to her. When she suffered severe financial losses and could no longer afford to support him she broke off their correspondence despite the composer's desire to continue it. He died in 1893 in a cholera epidemic. Who was he?

6—As the ship carrying the great Italian patriot and liberator of his country neared the shore he put a telescope to his eye and viewed the crowd assembled there. He concentrated on one face only, that of a dark-haired young woman and in that moment he decided to marry her. When he contrived to meet her he realised at once that she had fallen in love with him. In

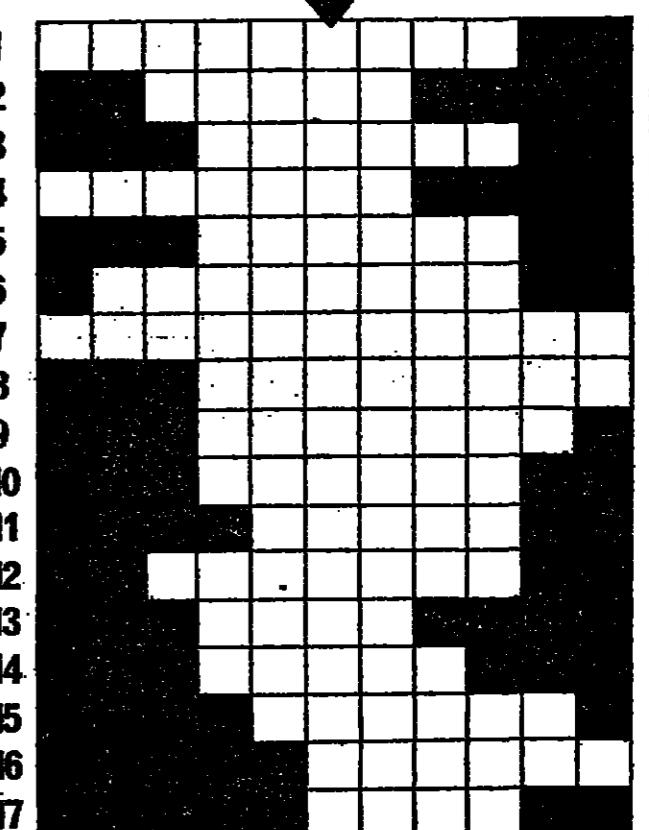
spite of being married she went with him to be a partner on his campaign fighting in battles and shamming followers who defected into attacking the enemy again. Her name was Anita Ribeira da Silva. Who was the patriot she ultimately married?

7—She lived in London, in the early part of the last century and, when she was injured falling from a horse, her tyrannical father convinced her and himself that she was an incurable invalid doomed to an early death. The girl, a gifted poet, was discovered by more famous poet who, surprisingly, was allowed to meet her to discuss their work. They fell in love and the supposed invalid eloped with her lover, for feigning her father's regard for ever to a married life during which they both became famous. Who were they?

TREASURE HUNT

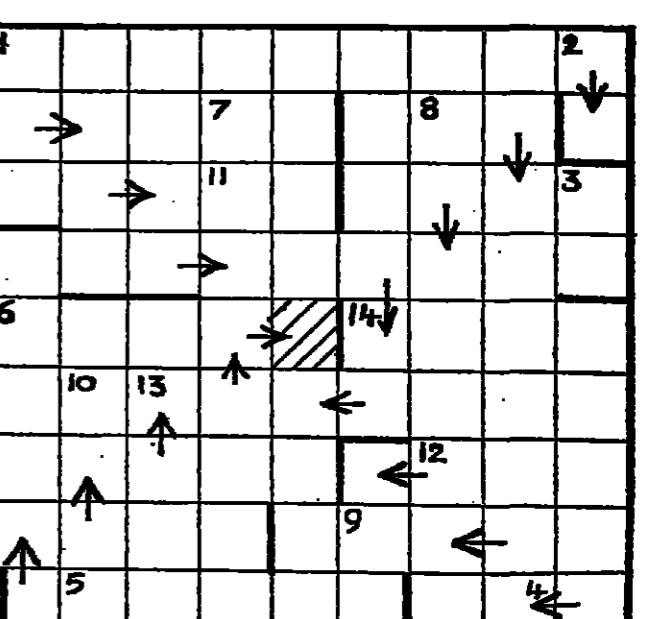
Answer the clues to find 12 British towns and cities. When these are written into the diagram the shaft of the key will reveal the location of the treasure—and the encircled letters, when placed in their correct position in the chest, will tell you what the treasure is.

- 1 Cathedral, subject of a song (10).
- 2 Where pirates sing? (8)
- 3 Look near here for a monster (9)
- 4 Site of battle in 1066 (8)
- 5 Ride a cockhorse to this cross (7)
- 6 Boy's name in South Glamorgan (5)
- 7 Where a cat may look at a queen (6)
- 8 Harm to her (anag.) (9)
- 9 The best place to cook tarts in Derbyshire? (8)
- 10 Good place for marbles (5)
- 11 Capital place for Welsh rugby (7)
- 12 Sacred leader in N.W. Wales (8)



PLAYS AND PLAYWRIGHTS

- Listed below are 17 famous plays. Write the surname of each playwright into the grid and the name of another well-known playwright will appear in the column arrowed.
- 1 Hamlet
 - 2 The School for Scandal
 - 3 The Cherry Orchard
 - 4 Blithe Spirit
 - 5 The Importance of Being Earnest
 - 6 Doctor Faustus
 - 7 A Doll's House
 - 8 A Man for All Seasons
 - 9 Murder in the Cathedral
 - 10 Peter Pan
 - 11 Pygmalion
 - 12 The Birthday Party
 - 13 Death of a Salesman
 - 14 The Mousetrap



FAMOUS STREETS

Write the answer in the space provided under each question.

1 Which city has a street popularly called "The Royal Mile"?

2 Where is "The Golden Mile"?

3 For what is Lombard Street, London, famous?

4 In which city is a street called Whip-ma-Whop-ma Gate?

5 What is unusual about Pulteney Bridge in Bath?

6 Where did the Fire of London start?

7 In which city is a street called Seven Dials?

8 In which street is Shakespeare's birthplace in Stratford-upon-Avon?

9 What is the origin of the name Shambles given to streets in some ancient cities?

10 For which particular house is The Strait in Lincoln famous?

11 What is meant by a one-horse town?

12 How much is two bits?

13 Who were the three musketeers?

14 What are the four freedoms?

15 How would you feel if you were one over the eight?

16 Where are the Six Counties?

17 Why does it take nine tailors to make a man?

18 Where is Seven Dials?

19 Who were the Council of Ten?

REBUSES

Form a 5-word phrase from the symbols below.

$\frac{1}{2}$ CCC

2B

PAIRS

- | | | | |
|---------------------------------|---------------|----------------|-----------------|
| Age Between | Joint Joy | Odd Out | Ring Seated |
| Chain Laid Letter | Out Raft | Sticks Through | Stick Warbler |
| Comfortably Deep Flower Go Jobs | Mail Mess New | Red Reed Refer | Writing Writing |

The above words, except one, can be paired up to make either:

- two separate words which form a single expression, for example thin ice;
- a hyphenated word, for example brief-case; or
- a single word, for example button (made up of "but" and "ton")

Which word is left out?

To complete this puzzle, solve the clues and enter them in a clockwise order, following the arrows. Each word (from 2 onwards) starts with the last two letters of the previous word. The numbers indicate the beginning of each word and the thick lines the end. The puzzle ends on the shaded centre square.

- 1 Author of The Forsyte Saga
- 2 Slowing down—musically
- 3 Between 4-6 pm at sea
- 4 Dr. Jekyll's other half
- 5 Heroine of Othello
- 6 A horse race that is always 11 You die this—if you have no Grand
- 7 Character in The Rivals famous for her misuse of words
- 8 Between 4-6 pm at sea
- 9 Famous "tramp" actor
- 10 Mexican drink
- 11 You die this—if you have no Grand
- 12 Author of Seven Pillars of Wisdom
- 13 Character in The Rivals famous for his musicality
- 14 Scottish football club

The Arts

A few words from A Christmas Carol the Headmaster . . .

BY ANTHONY CURTIS

Once again we have come to quarter, whether it be Gough Square or Euston Road, with a deal. I should like to say that it might all be easily be mistaken by the unwary for complacency. Our academic record too has been thoroughly respectable; the standard of oral French by prefects when making announcements has notably improved during the year and I hope that in the year to come this will extend to other foreign languages particularly those of our European neighbours.

Sixty girls may feel reasonably proud. It has not been an easy year; there have been many difficulties and changes to contend with, some of them self-inflicted, others imposed from outside. At the beginning of the year we lost an old and dear member of the staff, Mr. Martin Esslin, who left us to take up an academic post in California. We wish him well in his new life and we hope that he will return to this country and will come to see us. Certainly he shall miss his productive work at their most creative, always a challenge to the mind. His place as Head of Drama was filled by Malcolm Reynolds, who came to us from Belfast and immediately brought a wealth of experience to the difficult task of presenting the theme of monarchy in English history taken from the work of Shakespeare and his contemporaries, organised by Mr. Jenkins under the general heading of Viva Rex, was altogether worthy of the best dramatic tradition. Unfortunately pressure of work prevented me from hearing every single production but those I did hear were all superbly spoken, enjoyable and instructive. In general drama has again been one of our triumphs but while we are right in praising the work of some of our specialist boys and girls, I am thinking particularly of P. Redgrove and P. Tinniswood, let us not forget the sterling work of those who toil at Ordinary-level in series like The Archers, giving such continuing pleasure to so many.

We have been particularly fortunate in our Head boy, B. Redhead, the lower end of the school, who has combined authority with cheerfulness to a truly remarkable degree. Those of you who have been awakened by his ready for bed on his night of transfiguration, please the be mighty particular not to enjoy it all.

To Mr. McIntyre we owe the fundamental reorganisation of the timetable which was put into effect in easy stages during the course of the year. I am sure we all admire the determination with which he attacked this hazardous assignment. Changes of his order are bound in the nature of things to be painful, indeed to those who have complained both publicly and privately, bewildered by the Matron's prize to R. Baker. The English Prize, awarded to the boy or girl with the most unswerving sense of humour, disturbance, a peculiarity of the dormitories on a cold December morning will no doubt have found your progress to the washrooms marvellously accelerated.

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BY B. A. YOUNG

Theatre

In adapting Dickens' perennial Christmas parable Denise Coffey, widow of a subsidiary laugh when it can be reasonably done. Bob Cratchit's Christmas pudding is about the size of a cricket ball and the prize turkey, "the one if you count the inner stage that serves for Scrooge's bedroom, as big as my street Arab Peter O'Farrell describes it is one setting to another easily and bigger than Mr. Fezziwig convincingly, never offering the anyone else except Mr. Fezziwig children a sudden transfer to I wonder how Mrs. Cratchit managed to cook it in time for Christmas dinner?

Basically, though, the story is not for laughs; indeed, if you ignore the sentimentality, it is as grim as the Grimm Brothers. Television scenes of gangsters and police shooting at one another are stigmatised as unacceptable violence; yet here, in this favourite children's tale, we cheerfully accept ghosts and poverty and death and Scrooge being conducted around his own funeral, even if we're told later on that it is all a dream. The grimness is played down in Paul Marcus's production, but however you treat it the story has some sinister moments.

Twelve players take 44 parts. Not many allow for much depth of characterisation; they are like Phiz illustrations that help out the written descriptions. Ian Taylor is Bob Cratchit. Max Latimer a kindly Mr. Fezziwig. Judy Wilson both their wives. Four-foot-high Daniel Chasin who is Tiny Tim (uncertain which leg he shouldn't stand on) and two other boys, won the hearts of the audience in while getting terms with the likes of Matisse and Picasso, let alone Pollock, Rothko, or Frank Stella; and what they do not choose or are unable to comprehend, they reject. Much rather would they look at something recognisable, familiar, clearly depicted, evidently workmanlike and not too easy to do.

Perhaps there is some substance in the charge; not necessarily on the side of the argument against Matisse and his fellows, but certainly something on the side of popular opinion:

The film has no narration and uses the voices of Orkney to counterpoint the music — the original of crofters and fishermen, and the voices of a Rich Orcadian poetic tradition.

George Mackay Brown reads his own verse and there are quotations from the work of Edwin Muir, Robert Rendell and the ancient Orkneying Saga. The music of Maxwell Davies is played by the Fires of London under the direction of the composer.

rather an evocation of Orkney in relation to his music. The film takes its title from a poem by Edwin Muir, himself an Orcadian.

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It may be that the simple idea of showing such things alongside their more critically respectable peers has been just too obvious to act upon; and, besides, old prejudices die very hard.

But at last the idea has been taken up, co-incidentally to two shows and to fascinating effect. "Towards Another Picture" (at Nottingham Castle Museum until January 25) is a selection of post-war British Art, a truly catholic survey of the period put together by Lynda Morris, of the Midland Group Gallery, and Andrew Brighton. It embraces works on the one hand by

David Hockney and Richard Hamilton, on the other by such artists as Simon Elwes, Terence Cuneo, William Russell Flint, and even that great bogey-man of an entire generation of artists, Sir Alfred Munnings. Here again familiarity intervenes, though we do enjoy a certain frisson at seeing the and some monsters, not all of them from the hands we expected.

Taken item by item, most of the work is straightforward enough, though choice inevitably was limited by availability and by the Castle's own space; and there are few surprises. John Hoyland, for example, is shown

Terence Cuneo's battle piece, as

mechanical in its handling as in its subject-matter, David Shepherd's engine, Munnings' horses, Russell Flint's naked lady, Montague Dawson's Gypsy Moth.

Here again familiarity intervenes, though we do enjoy a certain frisson at seeing the and some monsters, not all of them from the hands we expected.

The text of his last speech as President of the Royal Academy is given in the excellent, if rather erratic anthology that replaces a catalogue to this show ("Towards Another Picture": 250 pp; published by Midland Group Gallery, £3.00 + 30 p). Compiled by Miss Morris and Mr. Brighton from the writings and other effusions of artists working in Britain since the War, it is at once a valuable document and ideal browsing for anyone the least bit interested in its subject: for it covers everything, it seems in its discursive, unpolished way, from art schools and early experience, to the writing and other effusions of artists working in Britain since the War, it is at once a valuable document and ideal browsing for anyone the least bit interested in its subject: for it covers everything, it seems in its discursive, unpolished way, from art schools and early experience, to the writing and other effusions of artists working in Britain since the War, it is at once a valuable document and ideal browsing for anyone the least bit interested in its subject: for it covers everything, it seems in its discursive, unpolished way, from art schools and early experience, to the writing and other effusions of artists working in Britain since the 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HOME NEWS

Check trading system for monopolies probe

By DAVID CHURCHILL

THE MONOPOLIES Commission is to investigate the supply of check trading franchise and financial services, the system based mainly in the North of England, which enables consumers to buy goods on credit.

The reference was announced yesterday by Mr Gordon Barrie, Director General of Fair Trading, in a follow-up to the current inquiry by the Commission into the credit card system.

Under "the check trading system" a trader sells a voucher to a customer who repays it plus interest in instalments. The customer uses the vouchers to buy goods up to its face value and the shop is later reimbursed by the check trader.

In 1976, trading checks worth

about £166m. were issued, with the debt outstanding at the end of the year at £126m.

The reference was, however, criticised yesterday by one of the main companies involved in the business, the Provident Financial Group. The company said it was incorrect to link check trading with credit cards, as the Office of Fair Trading had appeared to do.

Tradition

"Check trading is a unique method of supplying credit with a strongly established tradition in wage earning households. By operating this system, check traders also provide a valuable promotional service for retailers increase of 16 per cent over last year, on the opening day of its sale on Thursday.

New fire brigade structure approved

By David Churchill

A NEW TOP management structure will be introduced in the London Fire Brigade as soon as the current strike ends. It will mean a net loss of three senior administrative posts, but will cost an extra £1,680 a year.

The Greater London Council has approved the new structure following a series of minor industrial disputes in the London Brigade over the past three years.

These disputes led to a general inquiry into industrial relations in the brigade by the Advisory, Conciliation, and Arbitration Service, whose report appeared earlier this year.

In its evidence to the inquiry, the GLC claimed that the Fire Brigades Union, currently on strike, had resorted to industrial action so frequently in recent years that it had become an almost normal feature of London Fire Brigade life."

A report by the brigade's controller of operational services, approved by both the GLC's fire brigades and finance committees, says that "unless certain shortcomings of the existing management structure and style are tackled, there will be little prospect of establishing satisfactory industrial relations through the proposed negotiating and consultative machinery, or of improving attitudes."

The ACAS inquiry concluded that the London Brigade's existing top management structure was too vague in apportioning responsibilities, this led to the various unions and staff associations seeking to fill the management vacuum, resulting in inter-union disputes.

Four posts

ACAS suggested a top structure below the Chief Officer and Deputy of four "responsibility centres"—personnel, operations, prevention and administration. It also recommended that senior uniformed officers involved should be free from operational duties to enable them to provide continuous management.

The GLC, however, says that it "overlooks the need to provide a high level command of the brigade as an operational force, and of major incidents."

It says that such command can only be provided from brigade headquarters and it is therefore "unavoidable" that officers will need to be operationally involved as well as concerned with management.

"In order to provide for such essential command involvement, it is proposed that the top management structure at headquarters should go beyond what CAS has recommended and could provide not four but six senior posts," the GLC says.

The two extra posts would cover technical and development, and health and safety.

In preparation for introducing the new structure, the GLC has reviewed the whole London headquarters organisation. This has resulted in the scrapping of all 28,500-a-year posts of deputy assistant Chief Officer.

The GLC also intends a further review of the whole brigade, when the new structure has been implemented.

BP and French oil group abandons well

By RAY DAFTER, ENERGY CORRESPONDENT

BRITISH PETROLEUM and a French group of oil companies have abandoned a North Sea exploration well having found non-commercial traces of oil.

The well was drilled in block 14/14, some 15 to 20 miles north of the Claymore Field off the Moray Firth. BP and its partners, Total Oil Marine and Elf-Aquitaine, said that no further work was also seeking an assessment which would be needed to meet of technical and economic aspects of offshore siting for a structure, were planned at wind machine.

Dr Mabon said that on the exploration rig, Sedco 403, is being moved to the south for Research and Development east to drill a well in block (ACORD) the Department was 23/26, some 50 miles east of the Phillips' Norwegian Cod Field, close to development of the vertical axis machine designed at which has just been brought on Reading University.

About £75,000 will be paid to BP has already found oil in the British Aircraft Corporation's block. A well sunk in for wind tunnel experiments March 1976 produced a flow of about £10,000 will go to Taylor 4,800 barrels a day. However, the Woodrow Construction for company emphasised yesterday that the new well would be University will receive £7,000 drilled on a separate structure for support work.

This work is in addition to the block. The 1976 find has still design studies for a large horizontal axis wind machine being conducted by an industrial contractor.

Shell and Elf-Aquitaine have consortium at a total cost filed an application for joint £160,000, of which the Department of Exploration Rights on an area is contributing £75,000. A of 320 square kilometres in the report on this evaluation is Upper-Rhine area of northern expected shortly.

Holiday industry predicts package tours boom

By STUART ALEXANDER

HOLIDAY OPERATORS and travel agents throughout Britain report heavy demand for over seas package tours in 1978.

After the worrying booking season of 1977, the business has returned to the pattern of former years when the most popular resorts and the most popular weeks were booked out early. A spokesman for the Association of British Travel Agents yesterday advised customers to book early to avoid disappointment.

A major factor in the recovery is the strengthening of the pound, which diminishes the possibility of a currency surcharge. This is coupled with an improvement in incomes.

Other helpful factors are that aviation fuel is bought in dollar equivalents, making operators confident about prices, while last year's relatively poor British summer has encouraged people to renew their search for sunnier overseas.

With prices not much higher in real terms than last year this has led to greater confidence among the public, who are flocking back to their old favourites—Spain and Portugal, both of which devalued their currencies last autumn, are leading the field, followed by Italy and the up and coming North Africa.

More policemen resign

FINANCIAL TIMES REPORTER

RESIGNS FROM police pension in the first 10 months forces in England and Wales of this year. The Metropolitan Police force lost 300 of these levels, an MP claimed yesterday.

According to Home Office figures given to Mr Norman Fowler, Conservative MP for Sutton Coldfield, some 4,243 worst year for police resignations during the 1970s.

REND OF INDUSTRIAL PROFITS

Figures show an improvement

ROFT INCREASES in the 549 industrial companies whose earnings fell between October, 1976, and January 1977, which reported their figures between June and November, 1977, amounted to an average 1.8 per cent, compared with the previous year, not 2.3 per cent, as shown in the table published yesterday. The average return on capital was 17.4 per cent, not 16.1 per cent. In both cases, this represents the preliminary figures, published on June 24, from companies which had reported earlier on the same trading period. The street figures for the 549 industrial companies in question are now given.

	(previous year)
Total number of industrial companies	549
Trading profits	£ 5,946,472
Percentage change	+31.8
Profits before interest and tax	£ 4,665,143
Pre-tax Profits	£ 3,688,559
Earned for ordinary dividends	£ 1,817,670
Percentage change	+57.1
Ordinary dividends	£ 531,871
Percentage change	+21.4
Cash flow	£ 2,362,558
Net capital employed	£ 26,257,822
Percentage net return on capital	17.4
Net current assets	£ 5,508,988
	£ 4,482,024

TUC affiliate

AN ARTICLE in last Wednesday's *Financial Times* which reported the recognition dispute between the Engineers' and Managers' Association and a TUC affiliate incorrectly referred to the affiliate as the Transport and Salaried Staffs. The reference should have been to the Technical, Administrative and Supervisory Section of the Amalgamated Union of Engineering Workers.

OVERSEAS NEWS

S. Africa, Swapo for New York talks over Namibia

By QUENTIN PEELE

SOUTH AFRICA has agreed to attend a new round of talks on the future of the disputed territory of Namibia (South West Africa) in New York next month, but was not included in the discussions. It cannot take it further than that.

Mr Botha, his secretary for Foreign Affairs, is thought likely to lead the South African team, which will probably consist of six or seven members.

Diplomatic sources here portray the proposed talks as a further western effort to reduce the gap between Pretoria and Swapo. Although it is not clear whether they have any new proposals to make, the principal stumbling block has been the presence of South African Troops in the Territory, but although the Pretoria regime has apparently agreed in principle to reduce their numbers to around 3,000, Swapo remains adamant that there must be a complete withdrawal before the movement would be prepared to take any part in elections for an independence government.

It is understood that the invitation was presented by envoys representing the five Western members of the UN Security Council, in Pretoria on Wednesday, and involved General Magnus Malan, Chief of the South African Defence Force, and Mr P. W. Botha, the Minister of Defence.

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Forecasts 1978

THE VIEWS OF LEADING INDUSTRIALISTS



The key battle

THE PRIORITY task facing Britain in 1978 remains the defeat of inflation. On this rests all our hopes for the future. If only we fail, we shall have no chance of cutting into unemployment OECD and regaining our place as one of the great trading nations throughout the world.

The main thrust of our efforts will still need to be directed at achieving moderation in pay settlements—something I have been urging as hard as I know how since the end of Phase Two. For the Government's 10 per cent guideline has held up reasonably well, but there are many vital and difficult settlements still to be negotiated. If we can maintain a sense of feasibility and realism in pay settlements, we shall go a long way towards conquering the problems which beset us. Certainly the battle against inflation could be lost or won over the next few months. The vital fact everyone must grasp is that if we win in this particular battle, the opportunities which will open

Despite our strong short-term situation energy conservation is vital for the U.K.

the same way as an engineering company or a food manufacturer—or the household. For example, in 1976 the BP Group spent nearly £400m. on energy requirements for its main operations. A severe surge gap will cause profound political and economic problems, but effective conservation and husbanding of resources will help narrow that gap. This effect is now being appreciated across Europe, notably in the U.K. and in the U.S.

Increases in the cost of oil over recent years, as well as the recognition that it cannot continue indefinitely as the main contributor to incremental world energy supplies, have profoundly changed the economics of conservation. I said in a speech the other day: "As much as by other consumer of energy, we realise that the cheapest barrel is often the barrel."

The recent introduction by the Department of Energy of further measures to promote energy saving emphasises the fact that conservation and more efficient use of existing UK energy resources are already matters of priority for industry, commerce and the home. We welcome these measures and give them our full backing.

The identification of the oil industry with the discovery and processing of energy tends to mask the fact that the industry itself is a major energy consumer. We use energy to create energy, and we are subject to the effects of rising energy costs in

Oil

Good prospects for "more sophisticated and higher added-value products"

not to put the extra income into higher savings. Demand for capital equipment for expansion projects seems likely to continue at a low level while there is still so much under-utilised production capacity. The prospect is better for expenditure on replacement plant or new production methods designed to improve efficiency and reduce costs.

As the vital efforts to improve productivity and efficiency continue it seems inevitable that employment in the manufacturing sector will continue to decline until total demand expands significantly; but the health of manufacturing industry, and the security of the bulk of employment in it, requires fully competitive products in terms of price, quality and delivery.

The priority the Government is giving to controlling inflation is rewarding. The depressing feature of the current industrial political situation is the complete illusion that somehow businesses can be insulated from the judgment of the marketplace on the merits of their products. One of the most urgent needs in the current wage round is negotiations and in general public appreciation of industrial issues, is a recognition that market forces are of prime importance and ultimately cannot be overridden.

The prospect in Europe is not inviting, with orders showing no sign of picking up.

Total spending in the year but it will turn out to be the year with the lowest steel deliveries since 1963.

"GREAT expectations and hard times" is the only way to describe 1978 as experienced by steelmakers throughout the world. The expected recovery in the U.S. with several systems undergoing successful trials with the American armed forces. These systems and equipment developments should start to yield worthwhile production orders in

up for Britain will be unprecedented. If we make the wrong decisions and lose, we shall pay very dearly. To be truly competitive we need our inflation rate to be down by the middle of next year to the average of our competitors and to stay down. For this to come about, we need to keep the total increase in earnings over the current pay round very close to 10 per cent—something for which we must all strive, but which it will be very difficult to achieve.

But if we manage to do this, there will be room to cut personal taxes substantially in the Spring Budget and so ease the problems arising from the recent drop in our standard of living. This, together with North Sea oil, a stable exchange rate and a strong balance of payments, could provide us with the platform we need for a period of unprecedented growth; growth that could really reduce unemployment, which would enable us to increase our output per head and so afford the high earnings that our European competitors can afford. None of us likes to see Britons becoming the poor men of Europe. But we have to earn more before we can pay ourselves more.

If there is one thing that the British people need and soon, it really is cuts in income tax. This would, I believe, restore the incentives which are so badly needed at every level.

I am worried to see the idea that public spending should grow at two per cent a year seems to find some favour in Whitehall. At the CBI's first National Conference in Brighton seven weeks ago, we spelt out how the income tax burden could be cut by a third over the next four years. The sad fact is that if the Government goes ahead with a two per cent a year rise in public spending, Britain will be able to afford only half the tax cuts which would otherwise be possible. People want to be set free to spend far more of what they earn, rather than have Government spend it for them. The CBI will go on striving to make this happen.

JOHN METHVEN
Director General of the
Confederation of British Industry

created a situation where too much steel chased too few orders. 1978 in steel is not inviting, but that situation persists and heavy it looks better in the U.S. In Britain it will depend on the performance of the "real economy" — manufacturing industry. As

Great efforts to control the downward price spiral are now being made. In America, however, the Solomon plan for peaking in consumer expenditure, imports to those with tax cuts and moderate "reference" prices has not yet taken effect. It will be necessary to re-assess itself. This pattern has been reflected in company results, which in the early part of the year were reasonably encouraging (but still unhealthily low in terms of return on capital), while later statements and forecasts testified to a reduced level of activity and greater pressure on margins.

Faced with a relatively stagnating home market, consumer incomes were pressed by the Government's anti-inflation policies. UK textile and clothing companies increased still further their overseas marketing efforts, particularly in the EEC, resulting in a record level of exports £24,500m. in the first nine months of 1977, an increase in volume of 11 per cent over the same period of 1976. Contained economic difficulties in major markets, however, meant that the rate of growth in exports began to slow down in the second and third quarters. This success in overseas markets, where quality, design and price were the keys to our competitive strength, indicated that the efforts of the British textile and clothing industries to become one of the most modern and efficient anywhere in the developed world were paying off.

Their competitiveness has been shown, too, by the fact that the volume increase in textile and clothing imports into the U.K. has been limited to only 3 per cent, although in some sectors even this caused difficulties against the background of depressed domestic demand and imports from low-wage and subsidised sources.

Motors

By David Plastow, president, Society of Motor Manufacturers and Traders.

1977 CAN BE described only as most disappointing for Britain's car makers and for those who work in the industry. The year started with great promise. Behind it were the harrowing but necessary restructuring processes of 1976, and the small but real upturn in output which was already being achieved before 1976 was out.

But in the past 12 months production was consistently below target as a result of all too frequent strikes, lay-offs, and general industrial disruptions. All companies are affected by such troubles because of the industry's highly integrated nature; a dispute at one plant has a domino effect on both the suppliers and customers of that plant.

The outcome was that car output in Britain, at around 1.25m. fell far below demand from our customers not only in Britain but in export markets around the world. Imports won an unprecedented and, if sustained, extremely damaging 45 per cent of all sales.

Electronics

By R. Telford, managing director, GEC Marconi Electronics

1977 WAS a good year for capital electronics and 1978 will be another. There is, however, one major impediment to continued success which is neither economic nor technical—the grave shortage of skilled people at all levels, craftsmen, technicians, technologists, scientists and engineers.

Success in attracting overseas business has created additional demands and the introduction of new and much more sophisticated components, such as the microprocessor, has called for greater expertise. These problems have been aggravated by the difficulty, in a period of pay restraint, of correcting salary differentials which have arisen between people in our industry and those in similar employment elsewhere. A typical, but not unique, example of a problem area is that of computer programmers, whose skills are in demand in many other industries and where the temptation and opportunities to move for higher rewards are particularly strong. For the experienced staff, in almost any discipline, prepared to move overseas the rewards offered are even more tempting.

In 1977 the defence electronics industry was very active in the U.S. with several systems undergoing successful trials with the American armed forces. These systems and equipment developments should start to yield worthwhile production orders in

There is an urgent need to exploit the industry's full potential

The nation's balance of payments suffered unnecessarily. The commercial vehicle sector performed a little better. It showed a 7 per cent production rise over 1976, although this too was well below past achievements and industrial relations problems were far from absent.

The industry as a whole, including the vigorous world-beating components sector, and the small but real upturn in output which was already being achieved before 1976 was out. But in the past 12 months production was consistently below target as a result of all too frequent strikes, lay-offs, and general industrial disruptions. All companies are affected by such troubles because of the industry's highly integrated nature; a dispute at one plant has a domino effect on both the suppliers and customers of that plant.

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the industry in utilisation of with an interest to work in this scarce resource in the industry. Relatedly, there is now a realisation that national prosperity and social welfare depend on flourishing manufacturing industry and the added value for the nation than electronics industry looks forward to playing a fuller part if they are sold overseas in support of our competitors. Efforts to train and re-train people in sufficient quantity (and quality) to meet the demand in all areas of skill shortage must be redoubled.

The electronics industry has always been an active trainer of its own people and continues to do so. It must, however, look to the educational authorities for the provision of youngsters equipped with primary and secondary education and imbued with an interest to work in the industry. Relatedly, there is now a realisation that national prosperity and social welfare depend on flourishing manufacturing industry and the added value for the nation than electronics industry looks forward to playing a fuller part if they are sold overseas in support of our competitors. Efforts to train and re-train people in sufficient quantity (and quality) to meet the demand in all areas of skill shortage must be redoubled.

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1978 OUTLOOK The American Economy

Auguries for a fourth year of recovery

BY PROFESSOR PAUL SAMUELSON

THE CONSENSUS forecasters, myself included, predicted a year ago that 1978 would be a healthy year for the American economy. For we were on the mark. And though our post-1975 recovery will be entering into its fourth year, 1978 prospects in the U.S. are fairly good.

REAL GROWTH is expected most forecasters to be at 4 per cent, annual rate, which will rule out a recession if the rate of growth if realized.

UNEMPLOYMENT is likely fall a bit during the next 12 months, but not enough to improve appreciably job opportunities for minorities, unskilled workers, and urban youths.

INFLATION, alas, can be expected to hover around 5% at annual rates, a slight worsening after the performance in 1977. (The word "alas" is almost perfunctory, since people are pretty much resigned to the absence of stable price levels.) Wage

recessions look likely to rise by at least 8 per cent, which is more moderate than in most of the zone." DOLLAR PROFITS, which of only about 3 per cent—not

QUARTERLY FORECASTS FOR U.S. (1978)

	I	II	III	IV	Average
Real GNP growth	4.6	4.9	3.9	3.3	4.1%
Price index growth	4.3	4.0	5.8	6.1	4.1
Money GNP growth	11.2	11.1	9.9	9.6	10.5
Money supply growth	8.4	7.8	7.4	8.3	8.0
Profit growth over previous four quarters	10.8	5.7	9.2	15.3	15.3
Unemployment rate	6.7	6.6	6.5	6.4	
Short-term interest rate (Federal funds rate)	6.9	7.1	6.9	6.7	
Long-term interest rates (New high grade corporate bonds)	8.4	8.6	8.6	8.5	

* Growth rates expressed on annual basis
† M2: Currency plus demand and time deposits

Source: Data Resources

the post-Keynesian eclectic theory has also failed to live up to its inventors' strong rest. The claims of monetarists hopes. Many were misled to be able to lower forecasting 1977 by transient movements of lagged money aggregates have told. Conditional forecasts not been borne out by experience. This year the monetarists' task of the forecaster is slightly eased. Thus the forecasts in the table are based upon a substantial tax reduction in October for families and for corporations. If the economy cannot agree among themselves, comparison with the spread of the Argus Organisation sides earlier durations is like with the pessimists. Dr. Beryl Friedman's diagnosis by a doctor who relies exclusively on the patient's age Friedman's disciple, is up with the optimists. The CitiBank falls right at the median.

Nor is the story a more coherent one when it comes to predicting price inflation, the one area where the naive quantity theorists think their theories give them an edge. The three cited monetarist models differ more among each other than three different forecasts chosen at random from the sample of 40. Use of Professor Friedman's own preferred relationship between price changes and lagged M2 movements has produced larger than average squared errors of prediction.

The methodology of Dr. Arthur Burns' National Bureau of Economic Research, which has ended above start-of-year, it's

only a 50-50 bet that the result will really be between 3% and 4% per cent.

The summary: economic forecasting is still far from an exact science. When the least unreliable method guesses that end-of-1978 output will be 4 per cent above start-of-year, it's only a 50-50 bet that the result will really be between 3% and 4% per cent.

When Government is pursuing prudent stabilisation policy, the forecasts of the monetarists' hope. Many were misled to be able to lower forecasting 1977 by transient movements of lagged money aggregates have told. Conditional forecasts not been borne out by experience. This year the monetarists' task of the forecaster is slightly eased. Thus the forecasts in the table are based upon a substantial tax reduction in October for families and for corporations. If the economy cannot agree among themselves, comparison with the spread of the Argus Organisation sides earlier durations is like with the pessimists. Dr. Beryl Friedman's diagnosis by a doctor who relies exclusively on the patient's age Friedman's disciple, is up with the optimists. The CitiBank falls right at the median.

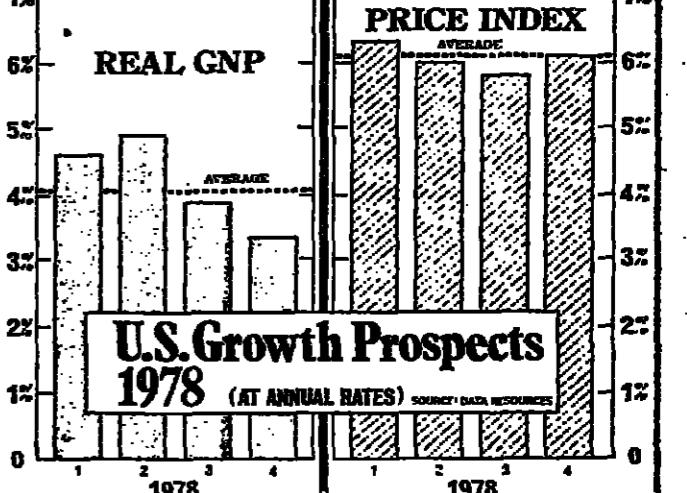
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If the American economy creates new money at a rate higher than the monetarists think desirable, and it is equally sure to be letting interest rates rise more than forecasters to be even greater not been in reply to pressure that it now is.

Because the U.S. has engineered a more vigorous recovery than have Japan, West Germany and Europe generally, rat hole.

Our balance of trade has swung into heavy deficit. Contributing heard speculator who thinks to this continuing deficit has he is on to a sure thing in selling

the dollar short had better have been kept a guardian appointed for him.

cheaper to American consumers. There are no sure things. One than the price abroad, leading can write down an impressive to large imports of energy. Next list of reasons why the dollar may be as likely to stay firm

live up to their promise or go up as to go down in the remaining years of the decade.

Take the case of the pound rate and the dollar. Since American prices and wages rise at a more modest rate than those in Britain, the recent strength of

the pound sterling seems by no means to be a trend that must last. Those who advocate dirty

Europes have been scolding the Americans for letting the dollar float cleanly downward.

The economic level of such floating have the burden of European criticisms has been proof against them when they

shockingly low. So long as assert that they know what the American consumers insist on proper levels are at which the importing much oil, and if dollar, mark, and pound should

OPEC does not wish to take pegged. In concluding, I payment for it in U.S. merchant know I speak for most American

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COMPANY NEWS + COMMENT

Exchange rates eat into Cavenham profit

AFFECTED BY adverse exchange rate movements trading profit at Cavenham, a wholly-owned subsidiary of Generale Occidentale, is down from \$1.6m. at £25.8m. and sales from \$20.5m. at £21.02m. for the 18 weeks to November 22, 1977. Taxable profit fell from £22.7m. to £16.9m.

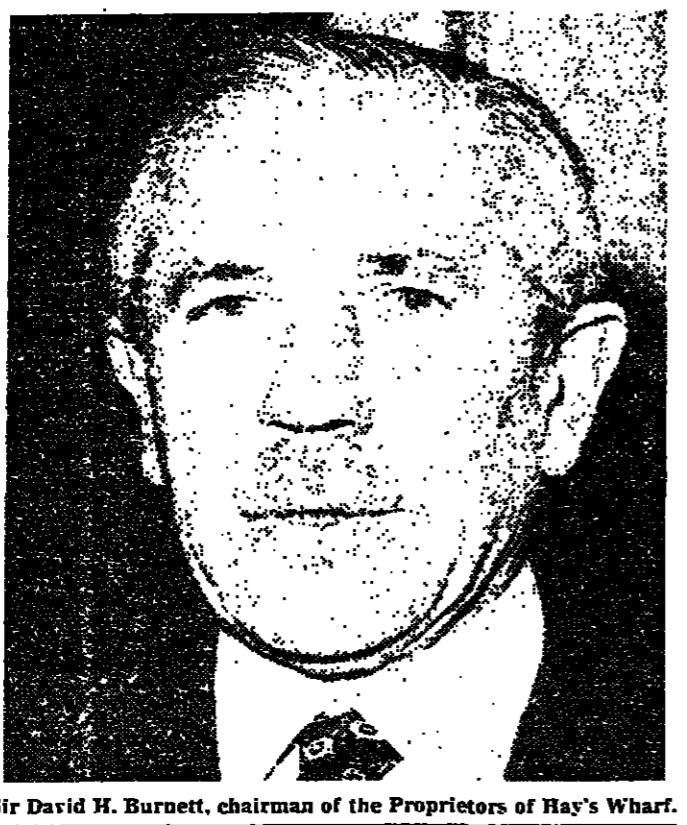
Overseas currencies account for about 70 per cent. of turnover and during the period there were substantial contributions in Spain and Sweden, and a general strengthening of sterling. In addition certain non-mainstream activities were disposed of such as the pharmaceutical and toiletry products division in Belgium, the dairy products business.

Trading in the U.S. has been difficult due to unusual competitive pressures in the retail food industry in the north-east and economic conditions in Sweden and Spain have been particularly unfavourable.

On the other hand trading in the U.S., France and Austria has been satisfactory.

Acquisition of minority shareholdings in subsidiaries companies had the effect of reducing the surplus before tax. However, this combined with tax, considerably lower at £2.4m. (£31m.) due to reduced ACT charges and higher allowances on retained capital investment resulted in attributable profit being 8.5 per cent. higher at £14m. (£12.9m.).

For the whole of 1976-77 profit was a record £38.55m.**



Sir David H. Burnett, chairman of the Proprietors of Hay's Wharf.

sider it would be impracticable to transact the business of the AGM. on the same day as the opening of the 1978 International Furniture Show.

S. Hoffnung down in first half

WHOLESALE AND general merchants S. Hoffnung and Sons reports pre-tax profit of £1.1m. from £1,055,000 to £1,053,000 for the half year to September 29, 1977, on turnover ahead £2m. at £32.8m.

Having regard to all the circumstances now ruling in Australia and notwithstanding significantly higher profit being achieved by G and M Power Plant, the directors say they expect that the turnover does not seem likely to be sudden and strong. S and G also warn investors that there are two views on the U.S. market and the pessimistic one over money supply, fears of higher interest rates and the weakening of the dollar which could postpone a recovery.

However, the group holds to the more optimistic view that recovery is imminent based on forecasts of a 3 to 4 per cent. economic growth in 1978. For investors who shared the view of the group's United States Growth Fund, it is an appropriate vehicle of investing in the U.S. market with a minimum outlay of £250. The current estimated yield is 2.75 per cent. so the fund is for investors seeking growth.

M and G offer investors two options of entering the U.S. market through the M and G Fund and General Fund, either by a lump sum outlay minimum £500 or by regular savings to provide stability as well as to maximise capital and income growth.

Improvement on way for Hensher

WHILE current trading conditions are still not buoyant, there are signs of improvement at Hensher (Furniture Trades) which should eventually be of benefit, says Mr. Arthur G. Hensher, chairman, in his annual statement.

As reported on December 8, the pre-tax profit for the year to March 31, 1977, rose from £391,600 to £553,396, on lower turnover of £4.75m. (£6.73m.). The dividend is maintained as 1p net.

During the year a subsidiary, George Hensher, ceased trading and was put into liquidation and included in the balance sheet is an amount due from the subsidiary valued at £150,433.

However, the auditors point out that they are unable to assess whether or not the debt is fairly stated, because it is not possible to value the debt until the receiver has completed the realisation of the assets of George Hensher and also, that a creditor has taken action seeking to set aside the holding company's debenture.

He points out that in the U.S. the valuations of many sound stocks have fallen to historically low levels and dividend increases are adding considerably to the returns which can be obtained.

The Prudential Assurance Company owns 5.38 per cent. of Ordinary shares, while London and Manchester Assurance Co. holds 22.12 per cent. of Five per cent. Cumulative Preference stock, Guards Royal Exchange Assurance 9.1 per cent. and Electric and General Investment Co. 5.88 per cent.

YORKGREEN

At the AGM of Yorkgreen Investment Trust shareholders approved all resolutions, including the change of name to Yorkgreen Investments.

Dundee & London sees rise

After lifting available earnings 15 per cent. to £388,762 in the October 31, 1977, year Mr. Ian C. Low, chairman, expects the Dundee and London Investment Trust to further increase profit in the current year, although not at the same rate as last year.

And it is the intention of directors to reflect profit increases in the dividend payments to shareholders. Dividends for 1977 totalled 2.3p.

The value of the investment portfolio jumped 38 per cent. in the year to £13.72m. (£11.51m.), caused by an amalgam of the very large rise in the U.K. stock market and the fall in the sterling value of overseas investments.

The U.K. element of the portfolio jumped from £6.9m. to £11.86m., while investments out-of-

BIDS AND DEALS

Harcros agrees H & C offer

An agreed bid was made last night for Harcros Investment per cent. above market worth for the plantations group, while the shareholdings in related companies have been exchanged for other holdings. The chairman, The share-exchange version of the offer values the whole of Harcros at £15.36m. of the offer, which is expected to be despatched on January 12.

The last accounts of Harcros showed that 53.3 per cent. of holdings were in Malaysian and Indonesian companies.

BOWATER GETS TEMENGONG

Bowater South East Asia, a subsidiary of Bowater Corporation, has succeeded in its takeover bid of Temengong, a Singapore company engaged in commodity trading, catering, the food industry, banking and general agency trading.

Bowater South East Asia has already received acceptances for 6.22m. shares in Temengong representing 61.83 per cent. of the capital. In due course it intends to compulsorily acquire the remainder. Prior to the offer, Bowater's subsidiary already held a total of 4.3m. of ATM's offer closes on January 20, one day after the 45p per share cash offer from S. Pearson and Son which has been extended until January 19.

To allow the directors of Pearson holds 0.1 per cent. of the stock units compared with 2.99 per cent. acquired by ATM in parcels since September 29. The terms are believed to be offer and any alternatives.

CHIEFTAIN EXTENDS

To allow the directors of Second Broadmount Trust time to make full consideration of its 2.99 per cent. acquired by ATM in parcels since September 29.

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UNIT TRUSTS

Greater potential is overseas

INVESTMENT managers now feel that investment overseas offers the greater potential for capital growth. Three management groups are this week offering trusts based on overseas equity funds.

Two of the groups, N and G and Save and Prosper, consider that the U.S. is the market to go for. Both regard shares prices here as looking more attractive than they have for many years and M and G feel that when the turnover does come it will be sudden and strong. S and G also warn investors that there are two views on the U.S. market and the pessimistic one over money supply, fears of higher interest rates and the weakening of the dollar which could postpone a recovery.

However, the group holds to the more optimistic view that recovery is imminent based on forecasts of a 3 to 4 per cent. economic growth in 1978. For investors who shared the view of the group's United States Growth Fund, it is an appropriate vehicle of investing in the U.S. market with a minimum outlay of £250. The current estimated yield is 2.75 per cent. so the fund which has grown to £44m. in a little over a year, offers an estimated gross yield of 9.34 per cent. Its portfolio is almost entirely in equities so income growth projects are at a maximum. The portfolio is spread over 100 shares to provide stability as well as to maximise capital and income savings through a life assurance

(£10.000) for the year and Sir David points out that the recent acquisition of Datakeep makes available to customers a more comprehensive service and further growth in the activities and profits of this division is anticipated in 1978.

Hay's Wharf sees more progress

HAVING COMPLETED important disposals of low-yielding old lending assets during 1976-77, Sir David H. Burnett, chairman of the Proprietors of Hay's Wharf tell members in his annual statement that it is hoped to further reduce the return on capital invested and earnings per share in the current year.

As reported on November 25, pre-tax profit for the year to September 30, 1977, jumped from £1.97m. to £2.83m. with stated earnings per £1 share at 17.4p. (£1.74). The dividend of 12.4p is lifted to 4.485p (£4.48p) net.

Capital expenditure contracted for but not provided for at the year end amounted to £0.81m. (£1.83m.), while £0.51m. (£1.11m.) was authorised but not contracted for.

Net adjustments as recommended by the Hyde Committee result in the trading profit of £1.97m. being reduced by some £1.2m. This amount arises from additional depreciation of £1.4m. and a scale adjustment of £0.5m. and a gearing adjustment of 8.05m.

A divisional analysis of capital invested at September 30, 1977, excluding the surplus arising from property revaluations, shows business services 50.0%, marine services 24.5%, engineering 17.4% and other 8.1%.

The plan is for investors wishing to buy up capital by buying savings. It is essentially a linked trust contract with a minimum monthly premium of £5 so it caters for the small investor. The managers are offering a special discount of 10 per cent. over the current offer price in respect of the first year allocation.

Finally, for investors seeking income, Chieftain is offering its highly successful Chieftain High Income Units. This fund which has grown to £44m. in a little over a year, offers an estimated gross yield of 9.34 per cent. Its portfolio is almost entirely in equities so income growth projects are at a maximum. The portfolio is spread over 100 shares to provide stability as well as to maximise capital and income savings through a life assurance

Massey Ferguson fall £5m.

TAXABLE earnings declined from a record £33.1m. to £27.84m. for the year to October 31, 1977. Sales improved from £142m. to £151m.

Tax took £12.88m. (£12.88m.) leaving the net profit at an almost record £14.26m. (£14.26m.). The directors say they intend to use the proceeds of the new issue to finance the purchase of land standing on capital projects in the U.K. during the current year.

Stated earnings per £1 were down at 17.82p (£18.4p) and again no dividend is to be paid.

Bonus restored by Friends' Provident

FRIENDS' Provident Life is to restore the terminal bonus rates as from January 1, 1978, to 25 per cent. of attaching bonuses, the highest ever rate previously paid at the beginning of 1974, prior to the reductions made as a result of the fall in market values that year.

The company states that this move reflects the continuing high levels of assets in the investment market.

But it is keeping its rates of interim reversionary bonus unchanged for the start of 1978, the second year of its three-year bonus period, at 24.40 per cent. compound for individual assurances and 25 per cent. compound for individual pension compounds.

National Provident Life increased final bonuses from January 1, 1978, to 30 per cent. of attaching bonuses.

Trading conditions in the marine services division were good in the early part of the year, say the chairman, resulting in a healthy increase in profit from 50.82p to 51.16p.

The business services division achieved profit of £11.000 in 1978.

Economic Diary

TO-DAY—Special meeting of National Union of Teachers national education conference opens, London.

THURSDAY—British rail fare up. Rise in fertiliser prices. Milk price increase. New Common Market tobacco tax structure in force. New International Sugar Agreement comes into effect.

TUESDAY—Prime Minister leaves for visit to Pakistan, India and Bangladesh. Expected meeting between Fire Brigades' Union, local authority employers and Government on firemen's strike deadlock. Kent and South Wales miners' major productivity scheme. Swap Hunter union officials and ship stewards to addresses Conservative Party workers during North-East Scotland tour. Westhill Inn, West Aberdeen. New cigarette and pricing policy by Benson and Hedges. Department of Employment Gazette will include unemployment in the production industries (Oct.), overtime and short-time working in manufacturing industries (Oct.) and stoppages due to industrial disputes (Nov.).

WEDNESDAY—U.K. official reserves (Dec.), commercial and redemption (Dec.). Investment intentions of the manufacturing, distributive and service industries in force. New International Sugar Agreement comes into effect (1978-79). Assistant Masters Association conference opens, Cardiff.

FRIDAY—President Carter visits European Communities Commission, Brussels. Mrs. Shirley Williams at North of England Education conference opens, York University. Education conference.

Siemssen publishing growth

CIG importer Siemssen Hunter is making a significant move in its plan to diversify from tobacco products. In the first half of 1977 it intends to buy two private companies previously in common ownership, both in the area of publishing distribution.

Seymour Press Group, the larger of the two companies, has exclusive distribution rights in the U.K. to a wide range of magazines, periodicals and educational booklets, while News Kiosks (Holdings), the other company, operates 28 bookstores, mainly in leading London hotels.

Siemssen is already represented in the publishing field with its Autobooks range and the EP Group, which publishes educational books and a series on sports called Sports in the Classroom. In 1977 the group's publishing arm accounted for around 40 per cent. of profits and with the addition of these two companies the contribution to profits from publishing related activities will rise to well over 50 per cent. in 1978.

Consideration for the combined acquisition is £1.077,000. Of this £49,500 will be covered by 700,000 new Ordinary shares in Siemssen at 38.1p each. The remaining £1.027,500 Ordinary shares remain, and now owns 2,067,500.

LONDON—L. G. & G. Ltd. (LBK) has been advised by Hill Samuel.

ST. PIRAN BUYS MORE MONK

Saint Piran has now brought its holding in A. Meek up to 19.14 per cent. but does not intend to make a bid for the company.

On December 19 and 20, St. Piran purchased 50,000 and 1,057,500 Ordinary shares respectively, and now owns 2,067,500.

LONDON—L. G. & G. Ltd. (LBK) has been advised by Hill Samuel.

LBROKE/L & G.

In answer to the recent letter from L. G. & G. Ltd. (LBK) the directors of Leisure and General Holdings state that the cash offer very substantially undervalues the true worth of the L and G Group. Only the L and G Board is in a position to appreciate the current trading performance, as is shown by the forecast increase in dividends of 62 per cent. in respect of the current year.

Industrial and Commercial Finance Corporation Limited fully supports the Board of L and G in rejecting the offer and, as previously reported, holders of the L and G shares will receive a 54 per cent. of the capital have specifically written into the articles of association to support the cash offer.

Other figures to note in a very brief summary of the financial results for the year to December 31, 1977, indicate that the cash offer is 10.5 per cent. below the price of 19.14 per cent. of the L and G shares.

However, the bidders already have a 24.38 per cent. single shareholding, making them the largest single shareholder. In addition, the L and G Group is well above the equivalent of the L and G shares.

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S WALL STREET + OVERSEAS MARKETS + CLOSING PRICES

SI Rally fails, leaving token gain

BY OUR WALL STREET CORRESPONDENT

HARE PRICES ended the year with a positive note on Wall Street, up-day, registering a small gain after several changes of direction.

Stocks traded within a narrow range all day, reflecting mostly year-end tax and portfolio adjustments, and only a handful showed price changes of a point or more.

Marshall Field moved up \$1 to \$32.50—the company has resisted a takeover attempt by Carter Hawley Hale.

Eastern Kodak fell \$1 to \$51.50; the company has raised prices on popular films.

IBM was up \$1 at \$273. General Motors fell \$1 to \$62.40 and Du Pont lost \$1 to \$120.

Allergan moved up \$1 yesterday, average began the day with a fall of \$0.44 but by 1 p.m. had recovered to show a rise of 1.12.

At the close, the gain had been shrunk to 79¢ to \$31.17.

The NYSE advanced 7 cents to a rise of \$0.50, while growing issues out-numbered losers 602 to 562 in demand volume of 23.5m shares.

Prices advanced sharply in busy trading on the AMERICAN SE. The index jumped 0.97 to 127.98, its highest level ever.

Stocks made a record high for the year, as 43.5m shares were traded compared with 3.6m yesterday.

London's FT 100 index closed flat at 1,044 but by 1 p.m. had recovered to show a rise of 1.12.

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OVERSEAS NEWS

French-Algerian bitterness deepens over W. Sahara

BY EIRENE FURNESS

France and Algeria to-day continued to accuse the other of manufacturing a hostile Press campaign.

No official Algerian Government report has yet been published, but French official complaints of Algerian Press hostility and Algerian bad faith concerning the peace where six French citizens, captured by Polisario guerrilla fighters, were held during their eight months captivity. The released prisoners say they were some 600 miles inside Algeria north-east of Tindouf.

However, a commentator on the official Algerian radio read a statement saying: "France makes no effort to hide its hostility to our country even adding official voices to the Right-wing anti-Algerian Press campaign. France is interfering in a regional conflict making war on Franco-Algerian relations ap-

a little people fighting for its right to exist against annexation and invasion not a position that does honour to France."

French indignation about the prisoners, who are the Algerian radio also accused France of being air transport to any Moroccan or Mauritanian use of their right to pursue to attack inside Algeria.

The Algerian ministers council issued a statement saying that the situation in the West Sahara was a "decolonisation problem already on the agenda of the United Nations and the Organization of African Unity and no country has the right to subordinate itself for these two organisations."

Polisario issued a call for support from French trade union leaders and repeated its accusations that France is responsible for napalm and white phosphorus bombing of a 50-vehicle Polisario column in December.

TURKEY'S VOTE OF CONFIDENCE

Demirel coalition could fall

BY METIN MUNIR

TURKISH Prime Minister Mr. Suleyman Demirel's tripartite right wing coalition is expected to fall to-morrow after a vote of confidence, requested by Mr. Demirel, is taken in the National Assembly.

A crucial segment of the coalition's National Assembly bucking shifted to the opposition recently when 12 deputies resigned from Mr. Demirel's Justice Party (JP), depriving the coalition of its majority.

Although remaining a compact independent group, the 12 deputies have stated that they would vote with Mr. Bülent Ecevit's main opposition, Republican People's Party (RPP) against the coalition. Mr. Ecevit's 214 seats in the 450

member National Assembly, combined with the 12 and probable other splinter votes are sufficient to topple Mr. Demirel's coalition of alliance.

A crucial segment of the coalition's National Assembly bucking shifted to the opposition recently when 12 deputies resigned from Mr. Demirel's Justice Party (JP), depriving the coalition of its majority.

Mr. Ecevit, who will be invited to form the new government, is reported by sources close to him, to be planning to form a government with the support of the "Mini Justice Party." These sources said that the allegiance of the 12 had been secured with a promise of six cabinet seats to be allocated to them (there are 30 seats in the present cabinet, including that of the Prime Minister).

Turks to take command in Izmir

BELGIUM Dec. 30.

GEN. ALEXANDER M. HAIG, Supreme Commander of Nato forces in Europe said on Friday that Turkish four-star generals will take over from Americans now commanding land and air forces from Izmir, Turkey.

The move which averts the "Landsbauschi," a group of forces and the Sixth Allied Tactical Air Forces commands (ATAF) was decided to correct a situation in which Americans had command of exclusively Turkish units.

Since mid-1974 political developments in Nato's South-Eastern flank have made command and control arrangements for Nato military forces operating in that theatre increasingly difficult, and simultaneously at Nato's European supreme headquarters and in Ankara.

In the wake of the Turkish invasion of Cyprus, Greece

withdrew its forces from Nato's integrated military command alleging that the Alliance had done nothing to prevent the Turkish operation. As a consequence, the four-star remains virtually restricted to Turkish forces.

Gen. Haig said he and Adm. Harold Shear, commander in chief of allied forces in southern Europe had also discussed the command change with Gen. J. Davis, the Greek chief of staff.

He said the Greek authorities would now have to "determine on their own, at their own pace and within the context of discussions now under way in Brussels" what would have to be Greece's future relationship with the integrated command structure.

After the Cyprus crisis, Greece announced it wanted to stay in the alliance politically but wanted to bring its forces

Zia to make decision on future of Bhutto

BY SIMON HENDERSON

ISLAMABAD Dec. 30.

PAKISTAN'S military ruler, General Zia-Ul-Haq, is addressing a news conference at Rawalpindi here on Sunday at which he is expected to announce "some important decisions."

Observers here expect that one will be about cases to be brought against the deposed Prime Minister, Mr. Zulfikar Ali Bhutto. General Zia's appearance will mark almost exactly six months of military rule twice as long as he originally intended to stay before supervising fair and free elections.

Since September, the military's positive attitude towards Mr. Bhutto, who is in detention and on trial for murder, has become steadily clearer. General Zia has embarked on a large scale campaign purging the country of all traces of "Bhuttoism."

Yesterday, the Interior Ministry said that more than 11,000 political prisoners of the Bhutto era have been released since the army takeover. The Press note was withdrawn within two hours of publication causing observers to believe that the news was intended for announcement by General Zia himself on Sunday.

During the last two weeks hundreds of supporters of Mr. Bhutto's People's Party are reported to have been arrested during outbreaks of street demonstrations and clashes with police. People's Party sources say also that most of the second

rank leadership has been interned in order to disrupt plans for the observance of January 5 as a day of protest against martial law.

Mr. Bhutto's own wife and daughter are among those put under house arrest until January 10. General Zia has promised elections as soon as trials of Mr. Bhutto and other former ministers are over but has refused to commit himself to a date. Army sources say the further cases being prepared against Mr. Bhutto include allegations of corruption and abuse of power.

Other observers expect the former Prime Minister will also be accused of conspiring to split the country by his tactics to win the premiership in 1971 when Bangladesh became independent and the military government of President Zia Khan fell.

Mr. Bhutto's People's Party, as well as the former Opposition groups are all demanding a date for fresh elections to be given. Action is also being called for to stem rocketing food prices and an increase in petty crime. In

President Siad Barre of Somalia arrived here recently on a short friendly visit, which was announced only after he had left the airport by President Fazal Elahi Chaudhury and General Zia-Ul-Haq. No information was given on the purpose of the visit.

Japan bankruptcies rise

TOKYO Dec. 30.

A TOTAL OF 18,064 companies, mostly small steel, shipping, shipbuilding and textile firms, went bankrupt this year with debts totalling \$12.12bn., a private credit research agency said on Friday.

The agency, Teikoku Koshin-sho, said the number of failures was up 15.5 per cent. over last year and the amount of debts was up 28.2 per cent.

Among the major firms declaring bankruptcy were Hashihama Shipbuilding Co., Nissel Shipping Co., Nagami Shipbuilding Co., Nissel Shipyard Co. and Teraka Shoji K.K. (a

textile trader), \$82.5bn. and Nambu Iron and Steel Co. \$47.9mn.

The research company said business failures increased around March because of the lack of new orders and again around July because of a sharp increase in the value of the Japanese yen.

It blamed the government for failing to implement business stimulant measures to relieve firms seriously affected by the protracted recession. The company predicted export-oriented firms, particularly small companies, would face serious difficulties in the New Year.

UPI

Geisel warns Opposition

By David White

RIO DE JANEIRO Dec. 30.

BRAZIL CAN EXPECT "marked progress" in its political life next year, President Ernesto Geisel said in a nationwide New Year's television broadcast.

Exactly what political changes were in store depended, however, on "wide-ranging consultations with the more enlightened sectors of the population." At the same time, Gen. Geisel made an explicit and clear warning to the Opposition not to rock the boat while reforms were being discussed.

Brazil is expected to draw up a new constitution next year to end the present conflict between constitutional guarantees and the special laws which Gen. Geisel's military predecessors have brought in since 1964.



RALPH NADER

A year of mixed fortunes

By Nancy Dunne

WASHINGTON Dec. 30.

IT LOOKED as if Ralph Nader's influence would reach new peaks after the Carter Administration took office last January. Mr. Nader had made the extraordinary gesture—before his election to his home in Plains and had come away saying that his election would bring "a breath of fresh air" to Washington.

Although the new President promptly appointed a number of Mr. Nader's associates from various public interest groups to office the year has not been a particularly happy one for America's foremost consumer spokesman.

• His pet piece of legislation to establish a consumer protection agency to represent consumers before other federal agencies remains stalled in Congress.

• A Bill to allow private "group-suits" against anti-trust or other defendants to enforce rules and orders of the Federal Trade Commission founded in the House.

• The battle for the early installation of air safety bags in cars has been all but lost. There is still some chance that the courts will reverse the decision. Mr. Brock Adams, the Transportation Secretary, gave car makers until 1981 to install air bags in large cars and until 1984 in small cars. Mr. Nader told the Financial Times the decision had left him "stunned." He claimed that it could cause 100,000 unnecessary road deaths.

• Another problem for Mr. Nader is a spate of news stories attacking his credibility. He was ridiculed earlier in the year when he launched FANS a group to represent sports spectators. His subsequent attack on his former chief lobbyist, Miss Joan Claybrook, head of the national Highway Traffic Safety Administration who had publicly supported Mr. Adams' air bag decision, brought more criticism and a prominent newspaper headline: "Sinking Ship."

Mr. Nader himself claims not to be disengaged. He says the Consumer Protection Agency is alive and healthy and enough votes have now been secured to pass it through the House, where it has already passed in three previous Congresses. Following the initial failure of the Bill, this time his organisation had appealed to consumers to send 5-cent coins to wavering congressmen. He says that the agency he wants set up would cost that amount per consumer. More than 45,000 coins have so far funded the Capitol Hill mail bags.

For from recanting his faith in President Carter, Mr. Nader says the administration was for the consumer "on the record" in 1977, but must "take to the camps" in 1978.

One consumer bill did become law in 1977: the Consumer Protection Bill which for the first time established federal controls over the industry and forbids debt collections to harass consumers. Another bill, the National Consumer Cooperative Bank Act, passed the Senate in 1977.

Our consumer bill did become law in 1977: the Consumer Protection Bill which for the first time established federal controls over the industry and forbids debt collections to harass consumers. Another bill, the National Consumer Cooperative Bank Act, passed the Senate in 1977.

Geisel's speech to the nation on Jan. 1, 1978, was widely welcomed. It was a good speech, but it did not go far enough. The speech was delivered in a language that was not understood by the majority of the population.

• President Siad Barre of Somalia arrived here recently on a short friendly visit, which was announced only after he had left the airport by President Fazal Elahi Chaudhury and General Zia-Ul-Haq. No information was given on the purpose of the visit.

UPI

Scandinavian Airlines to buy two Airbuses

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE EUROPEAN A300 Airbus has achieved another success with a decision by Scandinavian Airlines System to buy two aircraft by Eastern Airlines of the U.S. with a view to that airline eventually buying up to 28 aircraft.

British Aerospace, the European consortium building the aircraft, on the Airbus order for some time. It needs the aircraft which seats over 300 passengers, on short-haul, high-density traffic routes in both Scandinavia and Western Europe.

The SAS deal brings the number of orders, letters of intent and options on the Airbus to over 100 aircraft of all sizes and more than 50 firm contracts with 12 different manufacturers in New York said that the Airbuses would be powered either by the existing General Electric CF6-30 engines, or by Pratt & Whitney JT9D engines.

The SAS deal follows a recent

decision by Iran Air to evaluate the Airbus, and the start of an extensive six-month trial of the aircraft by Eastern Airlines of the U.S. with a view to that airline eventually buying up to 28 aircraft.

British Aerospace is not a full partner in Airbus Industrie, but is involved in the Airbus to the extent of building the wings and having an overall design consultancy role in the programme.

It is widely felt in Washington that Miss Claybrook has pushed her positions as hard as politically possible, to the point of offensive, and indeed in the process. But to Mr. Nader, she had "undermined the regulatory integrity of the agency" by failing to put the agency's view on the record against the Secretary's

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British Aerospace is not a full partner in Airbus Industrie, but is involved in the Airbus to the extent of building the wings and having an overall design consultancy role in the programme.

The SAS deal follows a recent

decision by Iran Air to evaluate the Airbus, and the start of an extensive six-month

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FINANCIAL TIMES

Saturday December 31 1977

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MAN OF THE YEAR

A sacred mission for peace

BY ROGER MATTHEWS

MRS. GOLDA MEIR, her waspish humour tinged with admiration, split the question succinctly six weeks ago in Jerusalem. Smiling at her long-time adversary, President Mohammed Anwar el-Sadat of Egypt, she said: "He won't be given the Nobel Peace Prize that he deserved, or an Oscar. At which Mr. Sadat leaned back in his chair, removed the statesman's pipe from his mouth, and roared with laughter. It was good television, excellent public relations, and at least momentarily brought the political courage and boldness of his blitzkrieg diplomacy to the level of ordinary human contact.

Such moments have been vital ingredients of the past few weeks as Mr. Sadat cut a swathe through the 30-year-old Middle East conflict. Already he has ensured his place in history, although whether as hero or villain may depend from where in the world he is viewed.

To exercise such wilful daring in one of the globe's most inflammatory regions can fairly be regarded as reckless abandon or, as courageous statesmanship. Either way it is entirely typical of Anwar Sadat who, since assum-

President Anwar Sadat
"Shows acts of desperation"

ing the Presidency in 1970, has always reacted to very difficult situations with what one colleague of his described as "shrewd acts of desperation."

Those who have worked closely with him admit to not knowing the man, but claim to be able to describe the essential characteristics: a deeply religious conviction, an astute political cunning, an advanced sense of self-preservation, a near-claustraphobic aversion to diplomatic cul-de-sacs, and a feeling for theatre that led him as a young man to consider seriously an acting career.

All the elements have been visible recently but highlighted by the inner conviction that his is a sacred mission. Such advisers as Mr. Sadat has had have been almost completely discarded, debate within the remaining inner circle is said to be mostly limited and self-doubt if it has ever existed, has been exceedingly well disguised. What Mr. Sadat is practising now is not statesmanship, said one top official, it is prophecy. It was, he said, the return of the Pharaoh after the modern State. As such, Mr. Sadat might be seen as a fairly typical product of a poor Egyptian family who has enjoyed the benefit of an educational system that emphasises two cardinal points—religious devotion and the historically inherent greatness of Egypt.

Astute

The autocratic style of his Presidency has dismayed those who, for the country's grave economic and social problems, were tacked by promoting men of real ability, while creating in other Egyptians the feeling that they are now enjoying a degree of freedom that did not exist under Nasser.

Similarly, Mr. Sadat shamelessly uses his own humble origins to claim deep understanding for the problems of the Egyptian masses while his family and a few associates have been amassing personal fortunes. And then he has astutely tapped the rich vein of nationalism at the cost of Nasser's Pan-Arabism which, combined with the public's association of peace linked to prosperity, would appear to leave Mr. Sadat in a strong if not necessarily unassailable domestic position.

Romantic, anti-intellectual, and above all the peace-maker, he has immense appeal to a nation that has borne the brunt of four wars in a decade.

"They also like the show. The fearless, tight-lipped walker striding out across the abyss has a compelling fascination, not least because he might fall. Whether the country will pick him up if he does slip, whether a man who enjoys the grand strategy could cope with the irritating problems of peace, whether drama is being substituted for substance are no questions that are being asked much in Cairo. Enough that many people are already convinced that Anwar Sadat is already touched with greatness and that the Nobel Peace Prize is already his."

Carter may pay visit to Sadat in Cairo

BY CHRISTOPHER BOBINSKI IN WARSAW AND DAVID BELL IN WASHINGTON

PRESIDENT CARTER may interrupt his six-nation tour to fly to Cairo for talks with President Sadat of Egypt. But he added at a Press conference in Warsaw, the Polish capital—the first held by a U.S. President there—that there were no definite plans at the moment for him to go to Cairo.

Mr. Carter spoke shortly after Mr. Jody Powell, White House Press Secretary, told reporters that the President would reach a decision by to-day on whether to visit the Egyptian capital next week to find ways of maintaining the momentum towards peace in the Middle East.

Mr. Carter was emphatic that the U.S. had not changed its policy towards the Middle East and had not endorsed Israeli proposals for the future of the West Bank.

L. Daniel reports from Jerusalem: Speculation was rife here about whether Mr. Begin might

go to Teheran to meet Mr. Carter and King Hussein. The Prime Minister's office claimed that Mr. Begin did not have plans to travel.

A visit to Teheran would not only enable Mr. Begin to meet King Hussein in the hope of persuading him to join the peace negotiations; it also would give him a chance to clarify what appears here to be divergent views about the future of the West Bank and Gaza Strip.

Expressed by Mr. Carter and Mr. Cyrus Vance, Secretary of State, Our Foreign Staff adds: Iraq

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